DEFENSE WORKING CAPITAL FUND

DEFENSE-WIDE
FISCAL YEAR (FY) FY 2006/2007
BUDGET ESTIMATES

OPERATING AND CAPITAL BUDGETS

FEBRUARY 2005
CONGRESSIONAL DATA

DEPARTMENT OF DEFENSE
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
DEFENSE-WIDE WORKING CAPITAL FUND

OPERATING BUDGET (CONT'D) <u>**PAGE**</u>

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CAPITAL BUDGET

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DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

DEFENSE FINANCE AND ACCOUNTING SERVICE

CAPITAL BUDGET EXHIBITS

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EXHIBIT FUND 9-b
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    CAPITAL BUDGET EXECUTION

Line No.	Item Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Quantity	Total Costs	Quantity	Total Costs	Quantity	Total Costs	Quantity	Total Costs
	Non-ADP Equipment>$100K		0.0		0.0		0.0		0.0
	- Replacement								
	- Productivity								
	- New Mission								
	- Environment								
	ADPE and Telecommunications Equipment		1.0		.5		0.0		0.0
	- Computer Equipment		1.0		.5		0.0		0.0
	- Computer Software								
	- Telecommunications								
	- Other								
	Software Development		0.0		0.0		0.0		0.0
	- Internally Developed								
	- Externally Developed								
	Minor Construction		0.0		0.0		0.0		0.0
	TOTAL		1.0		0.5		0.0		0.0
	Total Capital Outlays		1.0		0.5		0.0		0.0
	Total Depreciation Expenses		2.0		1.5		0		0

Activity Capital Investment Summary
Component: Defense Finance and Accounting Service
Activity: Information Services
Date: February 2005
(Dollars in Millions)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)													A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates	

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Information Services - Automated Data Processing
Equipment (ADPE) > $100,000

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ELAN			1,044			462			0			0

Narrative Justification: The Information Services – Automated Data Processing Equipment (ADPE) FY 2004 funds will be used for technical refreshments for Mid-Tier Development Environment. The FY 2005 funds will be used for technical refreshment of Mid-Tier Development Environment. No funds will be needed for FY 2006 and out because of the planned migration of the Information Services (5F) funding activity into the Financial Operations (5L) funding activity.

Exhibit Fund-9b DWCF Activity Capital Purchase Justification

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2004

($000)

Projects on the DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

Equipment except ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Cost	Proj
FY 2004 None						

Equipment - ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2004 Enterprise LAN		1,044	0	1,044	1,044
	TOTAL	1,044	0	1,044	1,044

Capital funding for the Information Services business area will provide essential replacement and upgrades to existing equipment for the Mid-Tier Development Environment.

Minor Construction

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2004 Minor Construction		0	0	0	0

.

Software Development and Modification (SW DEVMOD)

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Cost	Proj
FY 2004 None		0	0	0	0	
	TOTAL	0	0	0	0	

.

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2005

INFORMATION SERVICES BUDGET ESTIMATE
($000)

Projects on the DFAS Fiscal Year (FY) 2006- 2007 Budget Estimates

Equipment except ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Cost	Proj
FY 2005	None					

Equipment - ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Cost	Proj
FY 2005	Enterprise LAN	462	0	462	462	
	TOTAL	462	0	462	462	

Capital funding for the Information Services business area will provide essential replacement and upgrades to existing equipment for the Mid-Tier Development Environment.

Minor Construction

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2005	Minor Construction	0	0	0	0

.

Software Development and Modification (SW DEVMOD)

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Cost	Proj
FY 2005	None	0	0	0	0	
	TOTAL	0	0	0	0	

.

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2006

INFORMATION SERVICES BUDGET ESTIMATE
($000)

DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

Equipment except ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Cost	Proj Cost
FY 2006	None					

Equipment - ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2006	Enterprise LAN	0	0	0	0
	TOTAL	0	0	0	0

No capital funds are required due to the planned migration of the 5F funding activity into the 5L funding activity.

Minor Construction

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2006 Minor Construction		0	0	0	0

.

Software Development and Modification (SW DEVMOD)

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2006 None		0	0	0	0
	TOTAL	0	0	0	0

.

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2007

INFORMATION SERVICES BUDGET ESTIMATE
($000)

DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

Equipment except ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007 None					

Equipment - ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007	Enterprise LAN	0	0	0	0
	TOTAL	0	0	0	0

No capital funds are required due to the planned migration of the 5F funding activity into the 5L funding activity.

Minor Construction

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007	Minor Construction	0	0	0	0

.

Software Development and Modification (SW DEVMOD)

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007	None	0	0	0	0
	TOTAL	0	0	0	0

CAPITAL BUDGET EXHIBITS

FINANCIAL OPERATIONS BUSINESS AREA

EXHIBIT FUND 9-a
      DWCF ACTIVITY CAPITAL INVESTMENT SUMMARY

EXHIBIT FUND 9-b
      ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
      Automated Data Processing Equipment
            ADPE for projects that are less than $1M per year
            ADPE for Enterprise Local Area Network System (ELAN)
            ADPE for Imaging Program
            ADPE for Security
      Minor Construction

      Software Development Projects:
            Automated Time Attendance and Production System (ATAAPS)
            Defense Cash Accountability system (DCAS)
            DFAS Corporate Database and DFAS Corporate Warehouse (DCD - DCW)
            Defense Civilian Pay System (DCPS)
            Defense Departmental Reporting System (DDRS)
            Deployable Disbursing System (DDS)
            Defense Industrial Financial Management System (DIFMS)
            Defense Joint Military Pay System (DJMS)
            Defense Retiree and Annuitant Pay System (DRAS)
            Electronic Commerce/ Electronic Data
            Employee Member Self Service (EMSS) (MYPAY)
            Forward Compatible Payroll (FCP)
            General Accounting and Finance System-Reengineered (GAFS-R)
            Integrated Accounts Payable System (IAPS)
            Marine Corps Total Force System (MCTFS)
            Mechanization of Contract Administration Services (MOCAS)
            Military Pay Systems Transition Program Office (MSTPO)/Defense Military Office (DMO)
            Operational Data Storage (ODS)
            Standard Accounting and Reporting System (STARS)
            Other Systems

EXHIBIT FUND 9-c
      CAPITAL BUDGET EXECUTION

Activity Capital Investment Summary
Component: Defense Finance and Accounting Service
Activity: Financial Operations
Date: February 2005
(Dollars in Millions)

Line No.	Item Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Quantity	Total Costs	Quantity	Total Costs	Quantity	Total Costs	Quantity	Total Costs
	Non-ADPE Equipment > $100,000		**0.0**		**0.0**		**0.0**		**0.0**
	- Replacement								
	- Productivity								
	- New Mission								
	- Environment								
	ADPE & Telecommunications Equipment		**15.7**		**15.7**		**16.8**		**15.5**
	- Computer Equipment		5.3		4.6		3.0		2.7
	- Computer Software								
	- Telecommunications		10.4		11.1		13.8		12.8
	- Other								
	Software Development		**82.2**		**45.8**		**48.1**		**37.2**
	- Internally Developed		65.8		33.8		34.9		21.4
	- Externally Developed		16.4		12.0		13.2		15.8
	Minor Construction		**1.2**		**.9**		**.7**		**1.4**
	TOTAL		**99.1**		**62.4**		**65.6**		**54.1**
	Total Capital Outlays		**137.5**		**103.1**		**79.6**		**67.6**
	Total Depreciation Expenses		**115.6**		**126.2**		**110.0**		**103.8**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. DFAS Fiscal Year (FY) 2006- 2007 Budget Estimates

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Automated Data Processing Equipment (ADPE) > $100,000

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Trans Global-3521			245			175						
OA (Printers 9314)			556			528						
OA (PBX-9314)			723			723			723			
Total			1,524			1,426			723			

Narrative Justification: Transportation Global Edit table (TGET) is a new system that is predominate in the Automated Commercial Payments & Accounting Initiative under the Management Reform Memorandum (MRM) #15, supported by OSD, United States Transportation Command (USTRANSCOM), and DFAS. TGET has been designated by OSD, Transportation policy, as the sole repository for lines-of-accounting (LOA) and Transportation Account Codes (TACs) for downloads to all Service shipping systems for freight and personal property moves bill of lading generation for payment. FY 2004: Must purchase equipment & software to support 3,000 new users and to increase system processing speed, and memory capacity. FY 2005: Additional equipment & software needed with interface with other DFAS accounting systems to store large volume tables for immediate on-line data retrieval and telecommunications to support an additional 1,000 users. The FY 2004 and FY 2005 funds will be used for the lease payments for the four Eaglevision laser check printers used by Disbursing, DFAS-Columbus and DFAS-Indianapolis. For PBX: The Private Branch Exchange (PBX) for Cleveland will require continued funding for the lease-to-own acquisition which will be complete by FY 2006.

Exhibit Fund-9b DWCF Activity Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)		A. DFAS Fiscal Year (FY) 2006- 2007 Budget Estimates

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Automated Data Processing Equipment (ADPE) > $100,000 (Enterprise LAN System)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ELAN (9817)			10,416			9,560			13,795			13,793

Narrative Justification: The Enterprise Local Area Network (ELAN) is the digital communications infrastructure that connects all DFAS sites around the world. The ELAN is the medium that carries all the E-mail to internal and external users, provides DFAS employees with connectivity to accounting and pay systems, allows DFAS customers visibility to their respective information, and enables the distributed DFAS entity to work towards the same vision and goals. The FY 2004 funds were to procure ELAN Transformation, Virtual Private Network Servers, ELAN Platform Engineering Team Network Analysis Devices, LAN Connectors, Extenders, Uninterruptible Power Supply & Switches, and Network Analysis Equipment. The FY 2005 funds will provide technical refreshments for the following: Backbone, File Servers, and Storage Area Network. The FY 2006 and FY 2007 funds will provide technical refreshments for the following: Routing Equipment, Backbone, File Servers, Mid Tier/Web Production Environment, Web Servers, and Storage Area Network. Also, the funding will increase due to reprogramming of Information Services (5F) Technology Refreshment of Mid-Tier Development Environment into financial operations (5L).

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. DFAS Fiscal Year (FY) 2006- 2007 Budget Estimates

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Automated Data Processing Equipment (ADPE) > $100,000
(EDM Imaging Program – 9304)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
EDM (9304)			2,500			1,130			1,130			1,130

Narrative Justification: The Electronic Document Management (EDM) Program is a comprehensive business process improvement initiative designed to enhance automation of paper processes. The EDM Program is intended to meet identified capability requirements to reduce dependence on paper through converting thousands of paper documents used in payment processing and associated data to an electronic format that can be accessed from a desktop workstation. EDM is used in support of payment entitlement processing within the Commercial Pay Business Line (CPBL). EDM is currently in production at multiple DFAS Vendor Pay locations with future deployments scheduled. It is operating at all Contract Pay Mechanization of Contract Administration Services (MOCAS) payment processes and has been used for transfers of three locations' workload to other sites within the EDM network. EDM provides users with electronic access to financial documents and information, advances the application of new methods and technologies, improves delivery of customer services, and ensures consistent implementation of business practices throughout DoD. EDM was implemented in support of the President's Directive of the 1993 National Performance Review that recommended modernizing federal financial management processes and services, making them more efficient and business-like and improving their reliability.   The FY 2004 funds were used to upgrade the image storage devises and purchase two additional database servers in preparation for centralizing all EDM equipment to two sites and provide a Continuity of Operations Plan (COOP) solution. The FY 2005 funds will refresh and upgrade of Document Control Center scanning equipment, has been sunsetted, at centralized location and the COOP location. The FY 2006 funds will upgrade Decision Logic Tables (DLTs) and other backup equipment as required. The FY 2007 funds will be used to replace all backup servers as necessary to maintain supportability.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)				A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates								

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Automated Data Processing Equipment (ADPE) > $100,000
(Security – 0037)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Security (0037)			1,260			2,000			1,140			1,535

Narrative Justification: The purpose of the security initiative is to protect the DFAS communications and computing infrastructure assets on the DFAS Enterprise Local Area Network from internal and external threats manifested as unauthorized access attempts, electronic viruses, hacks, cracks, or automated scripts. This is accomplished using firewalls, email guards, network encryption technology, intrusion detection systems and other security related equipment. Government and contracted expertise monitor and manipulate this equipment to ensure the DFAS ELAN is a safe computing environment. The FY 2004 funds were used for technical refreshment of firewalls, vulnerability assessment server agent, Enterprise Security Admin Servers & Load Balancers, Enterprise Management Appliance, and Firewall Server Appliances. The FY 2005 funds will be used to support Automated Intrusion Detection Capability. The FY 2006 funds will be used to support Global Domain Name Services Management Server, Enterprise Vulnerability Scanning Capability, and Encryption Redundancy. The FY 2007 funds will be used to provide Automated Intrusion Detection Capability, Web Media Content Caching and Filtering.

Exhibit Fund-9b DWCF Activity Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)	A. DFAS Fiscal Year (FY) 2006- 2007 Budget Estimates

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Minor Construction < $750,000

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			1,145			927			704			1,427

Narrative Justification: DFAS Minor Construction primarily supports various CONUS sites. Also, DFAS needs to provide security protection for several sites and funding will support erection of force protection barriers to maintain a secured perimeter. The FY 2004 funds were used for rewiring/construction phase as well as passive security project. The FY 2005 funds are being used for Security Lighting at DFAS- Orlando as well repair facilities at Pensacola to eliminate overcrowding, safely and security issues. The FY 2006 and FY 2007 funds are to cover unknown impacts of Base Closure and Realignment (BRAC).

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)			A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates									

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C.   Line No. & Item Description:
Automated Time Attendance and Production System
(ATAAPS - 1503)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			1,160			991			991			991

Narrative Justification: The Automated Time Attendance and Production Systems (ATAAPS) provides an automated, single-source input for reporting, and collecting time and attendance (T&A), labor data and for passing that information to interfacing payroll and accounting systems. The Technical Support Organization, Pensacola is responsible for development and maintenance. There are two versions of ATAAPS. One-version uses a character based interface in a mainframe environment and the other uses a Graphical User Interface in a client/server environment with frequently used portions of the application available in a Web enabled environment. ATAAPS is a legacy system with no announced replacement. ATAAPS is in a steady state sustainment mode of operation. ATAAPS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. Capital investment funds are used according to Federal Accounting Standard Board (FASAB) #10 guidance to fulfill system change requirements.   FY 2005 through FY 2007 funds will be use to provide funding to TSO Pensacola for ATAAPS planning and other software development support.

Exhibit Fund-9b Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)	A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. **Component/ Activity/ Date:** Defense Finance and Accounting Service September 2004	C. **Line No. & Item Description:** Software Dev/Mod – Defense Cash Accountability System (DCAS – 7881-BL 1)	D. **Activity Identification** DFAS Centers

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			5,995			5,467			5,452			1,368

Narrative Justification: DCAS is the migration system selected by the Defense Finance and Accounting Service (DFAS) to be the single cash accountability system for the Department of Defense (DoD). DCAS will meet the need to re-engineer and consolidate multiple disparate systems into a single DoD cash accountability and reporting process supporting all DoD components, as well as external stakeholders. Cash accountability is the reporting of disbursements, reimbursements, deposits and receipts to the United States Treasury, as well as all other transactions which would impact the status of funds.

FY 2004 – FY 2007 capital funds will support added functionality for yearend reporting, closed account appropriation adjustments, and interfund transactions for Phase 2. It will also support the implementation of DCAS Phase 3, which includes the reconciliation of Treasury expenditure data with accounting system data and the elimination of Financial Reporting System in the DFAS Cleveland and DFAS Kansas City networks. This effort includes costs for finalizing design and development, developmental testing and DCAS Phase 3 Milestone C. In addition to Phase 2 and Phase 3 functionality, the funds will be utilized to initiate identification of requirements for DCAS Phase 4, Treasury and Reconciliation for Indianapolis and Columbus networks, and Phase 5, Treasury and Reconciliation for the Denver network.

Exhibit Fund-9b Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)	A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. **Component/ Activity/ Date:** Defense Finance and Accounting Service February 2005	C. **Line No. & Item Description:** Software Dev/Mod - DFAS Corporate Database (DCD) and DFAS Corporate Warehouse (DCW)	D. **Activity Identification** DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
DCD (9847)			1,334			425			517			501
DCW (9848)			1,839			900			0			0
Total:			3,173			1,325			517			501

Narrative Justification: The DFAS Corporate Database (DCD) / DFAS Corporate Warehouse (DCW) provides DFAS and DoD with an effective and efficient financial management environment for financial information through a centralized database / warehouse that captures data, ensures its integrity, and supports on line analytical processing, information storage, and retrieval. The DCD/DCW initiative significantly contributes to the consolidation of financial management information and provides an interoperability mechanism to standardize and share financial information. DCD/DCW core functionality consists of Corporate Electronic Funds Transfer (CEFT) processes and Cross-Services Financial Information Support (FIS). This core functionality supports standardization and consolidation by establishing a common structure and processes to include the Global Edit Tables (GET), Standard Fiscal Code (SFC), US Standard General Ledger (USSGL), File Inventory Control System (FICS) and associated interfaces. It also provides the analysis and reporting capabilities for USSOCOM and other customers . The DCD/DCW integrates applications to enable information sharing and it forms the single, unified, standard, FFMIA-compliant environment. The DCD/DCW provides a central data source and enables communications among existing and future finance and accounting systems using standard file transfer protocols and interfaces. The DCD/DCW is not envisioned as a "system" in the traditional sense, but rather as an "enabling" service that provides a corporate core component of the enterprise. The DCD/DCW provides an interoperability mechanism to standardize and share financial information. Neither the CEFT nor the FICS applications were possible prior to the DFAS development of a centralized database / warehouse. The FY 2004 funds support the Bearing Point (BP) contract (BP provides functional support of the program management office), systems development work (and core support) provided by the Technology Service Organization (TSO) (at Columbus, Indianapolis, and Kansas City), and system testing provided by the TSO (in Pensacola). The FY 2005 funds support the Bearing Point contract (BP will provide functional and sustainment support of the program management office), systems development and sustainment work (and core support) provided by the TSO, and system testing provided by the TSO in Pensacola. The FY 2006 and FY 2007 funds will support systems development and sustainment work (and core support) provided by the TSO, and system testing provided by the TSO in Pensacola.

Exhibit Fund-9b Activity Group Capital Purchase Justification

<table>
<tr><th colspan="4">ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)</th><th colspan="9">A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates</th></tr>
</table>

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. Component/ Activity/ Date: Defense Finance and Accounting Service February 2005	**C. Line No. & Item Description:** Software Dev/Mod -- Defense Civilian Pay System (DCPS – 1529 –BL 3)	**D. Activity Identification** DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			6,741			0			0			0

Narrative Justification: The Defense Civilian Pay System (DCPS) is the standard Department of Defense civilian pay system. The system maintains pay and leave entitlement records, deductions and withholdings, time and attendance data and other pertinent employee personnel data. Multiple accounting systems interface with DCPS by receiving one or a combination of several standard accounting files. The DCPS Automated Information System is developed and maintained by a single Central Design Activity the Technical Service Organization (TSO) - Pensacola. DCPS is in sustainment mode of operation and requires no capital improvements. DCPS is required to make legislative, regulatory, and policy based changes that preserve the functionality of the application.

FY 2004 funds were used to develop, program and test DCPS interim releases at TSO Pensacola.

Exhibit Fund-9b Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)					A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates						

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Software Dev/Mod - Defense Departmental Reporting System (DDRS – 7882 – BL 1)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			4,161			800			1,630			200

Narrative Justification: DDRS standardizes the departmental reporting process for all DoD Fund Types. This modern web-based system is used to produce the DoD Audited Financial Statements and budgetary reports, provide data query and report generation tools, eliminate the need for manual reconciliation, and operate within the DFAS Corporate Information Infrastructure environment (DCII). The FY 2005 funds are being be used to update DDRS Audited Financial Statement (AFS) / Federal Agencies' Centralized Trial-Balance System (FACTS I) annual reporting and implement budgetary reporting functionality for: Defense Working Capital Fund (DWCF) reporting for the Air Force, selected DoD Agencies; and Navy and Marine Corps General Fund Reporting. The FY 2006 funds will be used to update DDRS AFS/FACTS I annual reporting, deploy Army DWCF and select DOD Agencies General Fund reporting, and to achieve Full Rate Production approval. The FY 2007 through FY 2009 capital funds will be used for annual updates to the DDRS AFS/FACTS I reporting capabilities. Per DDRS Life Cycle Cost Estimate, April 2003, the program has cost savings of $89.2M and cost avoidance of $63.8M for total benefits of $153.0. The benefits are for the period of FY 2003 through FY 2014.

Exhibit Fund-9b Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. **Component/ Activity/ Date:**
Defense Finance and Accounting Service
February 2005

C. **Line No. & Item Description:**
Software Dev/Mod - Deployable Disbursing System (DDS – 4131 – BL 5)

D. **Activity Identification**
DFAS Centers

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			2,063			1,927			1,163			1,234

Narrative Justification: Deployable Disbursing System (DDS) provides a capability to Army finance soldiers in support of our nation's warfighters. It supports the President's Management Agenda goal of improved financial performance by providing more accurate and timely accounting information for operations such as Iraqi Freedom and the Balkans. It is a completely integrated disbursing system. DDS's versatility is provided by its ability to be used in any computer configuration the user desires: network, stand-alone or laptop. DDS will replace Disbursing Office Processing System (DOPS) in non-U.S. garrison environments, but unlike DOPS, can be deployed to a tactical environment with or without connectivity. The system supports single-source input, maintains a Disbursing Officer's accountability and produces level 8 Treasury reports. The FY 2004 funds were used to complete baseline development and for implementation of the Deployable Disbursing System (DDS) at OCONUS and current tactical operational sites such as Iraqi Freedom and the Balkan operations. Funding provides for technical support to correct systemic problems discovered either during or after testing. Technical support includes developmental costs and contractor support. The FY 2005 funds are being used to complete the implementation in Europe, Korea and in support of Iraqi Freedom (only the southern camps have been converted to date). Funds are also required to provide a needed technical upgrade to ensure Oracle is able to continue support in the future, and for several needed performance upgrades. Software upgrades are also required to provide enhancements discovered during the beginning phases of implementation. Finally, the Marine Corps (MC) would like work to begin on providing them the changes required to accommodate their accounting and military pay interfaces. The MC wants to replace Standard Finance System – Redesign (SRD-R) that they currently use. The FY 2006 and FY 2007 funds will support functional enhancements that are customer driven and will provide streamlined processing and better usability for relatively inexperienced users. These requirements will be routed through the Configuration Control Board process.

Exhibit Fund-9b Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A.	DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. Component/ Activity/ Date: Defense Finance and Accounting Service February 2005	**C. Line No. & Item Description:** Software Dev/Mod - Defense Industrial Financial Management System (DIFMS – 6141 – BL1)	**D. Activity Identification** DFAS Sites

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			1,000			1,000			1,000			1,000

Narrative Justification: The Defense Industrial Financial Management System (DIFMS) is a Chief Financial Officer (CFO) Act compliant accounting system that enables its customers to produce auditable financial statements. The system provides Core Financial Systems Management, Financial Reporting, Funds Control, General Ledger Management, Receipts Management, Payments Management, and Cost Management functions to its customer activities. The investment was initiated in 1996 after an analysis of the following alternatives: 1) status quo meaning the continued use of disparate legacy systems in the Navy WCF environment 2) the implementation of DIFMS, and 3) outsourcing of the WCF accounting function. DIFMS was ultimately chosen to be the standard accounting system in support of the Navy R&D and the Navy and Marine Corps Depot Maintenance (DM) business areas. In a memorandum dated July 8, 1997, the USD(C) stated DIFMS was a migratory accounting system for the DWCF. The Assistant Secretary of the Air Force (Financial Management and Comptroller) SAF (FM), in conjunction with the Director DFAS, selected DIFMS as the accounting system for the Air Logistics Centers (ALCs) supporting the Air Force DM business area in January 1998. The current DIFMS customer base consists of 14 Navy/Marine Corp Depot Maintenance (DM) and Research and Development (R&D) activities and 3 Air Force DM activities. DFAS field sites at Charleston, San Diego, San Bernardino, and Kansas City also use DIFMS to support accounting functions performed there for these Navy, Marine Corps, and Air Force activities. The implementation of DIFMS has resulted in the elimination of 16 legacy financial systems: 1 Marine Corp, 8 Navy, and 7 Air Force. The investment underwent a technical re-host effort in FY 2003. As a result of that initiative, DIFMS Navy and Air Force customers achieved a 48 percent and percent reduction in information processing costs respectively. The DIFMS system achieved FOC in FY 2003 and its current lifecycle status is steady state. The investment will remain in steady state and funding will be required for sustainment oversight through its completion date of September FY 2013. The FY 2005 through FY 2007 capital funding are required for software change requests mandated by changes in DoD financial management policy and guidelines.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)				A DFAS Fiscal Year (FY) 2006-2007 Budget Estimates								

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Software Dev/Mod Defense Joint Military Pay System (DJMS (BL 3)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
DJMS AC (2107)			4,195			4,138			0			0
DJMS RC (2409)			2,368			2,276			0			0
Total			6,563			6,414			0			0

Narrative Justification: The Defense Joint Military Pay System is the standard Department of Defense military pay system for Active and Reserve Components for the Army, Navy and Air Force military services. The system uses a standard software for teleprocessing, communications and electronic data processing equipment to generate, edit, transmit, process and produce data related products to pay Active and Reserve Component members in the Air Force, Army and Navy. The system maintains pay and leave entitlement records, deductions and withholdings and other pertinent data. DJMS-AC and RC is a legacy system operating in a sustainment mode. DJMS-AC and RC are being replaced by the Forward Compatible Pay (FCP) system with initial deployment beginning in FY 2005 and fully implementation by FY2007.

The FY 2004 and FY 2005 funds are being used to implement legislative, regulatory, DoD and state mandated changes.

Exhibit Fund-9b Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)	A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. Component/ Activity/ Date: Defense Finance and Accounting Service February 2005	C. Line No. & Item Description: Software Dev/Mod - Defense Retiree and Annuitant Pay System (DRAS – 2703 – BL 3)	D. Activity Identification DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			1,800			1,858			10,318			12,848

Narrative Justification: The Defense Retiree and Annuitant System (DRAS) is the standard, consolidated system for paying all Army, Navy, Marine Corps and Air Force military retirees, annuitants and former spouses. Additional subsystems of DRAS include Voluntary Separation Incentive (VSI), Victims of Abuse (VOA), Combat Related Special Compensation (CRSC), Concurrent Retirement and Disability Payments (CRDP) and Special Compensation for the Severely Disabled (SCSD). DRAS establishes, maintains and adjudicates pay accounts. DRAS is a legacy system with no announced replacement. DRAS is in a steady state sustainment mode of operation. Historically, DRAS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. Capital investment funds for FY 2004 through FY 2007 will be used according to Federal Accounting Standard Advisory Board (FASAB) #10 guidance to fulfill system change requirements. A business case analysis project is planned for FY 2005 that will lead to a decision whether to pursue replacement of the current DRAS or continue the present application. The increase in funds in FY 2006 and FY 2007 are planned for modernization of the DRAS system.

Exhibit Fund-9b Activity Group Capital Purchase Justification

| | ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands) | | | | | | | | | | A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates | |

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Software Dev/Mod – Electronic Commerce/Electronic Data Interchange (EC/EDI – 9816- BL 1)

D. Activity Identification
DFAS Sites

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			1,632			633			530			530

Narrative Justification: Electronic Commerce/Electronic Data Interchange (EC/EDI) is a communication method that enables systems to share information. DOD has aggressively implemented EC/EDI solutions to reduce government's burden on the taxpayer and businesses by eliminating redundant collection of data and better leveraging E-Business technologies for communication. EC/EDI encompasses the development and implementation of electronic commerce solutions wherever feasible to improve business processes. Through a collaborative effort, DFAS, the DOD Components, county, state, federal governments, and commercial vendors have implemented several EC/EDI solutions in existing legacy systems to make them capable of receiving business transactions electronically. There are several initiatives within the EC/EDI Program that provide a collective electronic commerce identity.   The FY 2004 funds were used for mapping of Wide-Area Work Flow (WAWF) data to entitlement and accounting systems to include Mechanization of Contract Administration Services (MOCAS), One-Pay, Integrated Accounts Payable System (IAPS), Computerized Accounts Payable System (CAPS), Standard Automated Material Management System (SAMMS), Business System Modernization (BSM), Standard Accounting Budgeting and Reporting System (SABRS), and e-Biz   EC/EDI, mapping and translation map development in support of the Integrated Accounts Payable System IAPS interface to Purchase Card (PC), Web Invoicing System (WinS) and Direct Vendor Pay). Support map changes to the MOCAS logical map for summary cost vouchers to support WAWF. Support MOCAS map change to provide Contract line item number/accounting classification reference number data and support MOCAQS map changes to support the revised concept for routing invoice data to appropriate paying office in MOCAS. The FY 2005 funds will be used for mapping to additional accounting systems and changes to existing maps to support EC paperless initiative and/or emerging technologies (XML). Support additional mapping to other accounting systems to handle new WAWF functionality.   The FY 2006 and FY 2007 funds will be used to maintain EC/EDI and WAWF mappings.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. **Component/ Activity/ Date:**	C. **Line No. & Item Description:**	D. **Activity Identification**
Defense Finance and Accounting Service February 2005	Software Dev/Mod – MyPay (Employee/Member Self Service (E/MSS – 1533 – BL 3))	DFAS Sites

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			1,850			1,250			2,000			2,000

Narrative Justification: The MyPay initiative supports the Government's Paperwork Elimination Act of 1999 by providing a web base software application to introduce electronic commerce to the Military and Civilian employees of the DoD. Government employees and the Warfighters of our Army, Navy, Air Force and Marine Corps receive financial statements, like Leave and Earning Statements, (LES) or advice of travel payment, through the Internet via this web application. MyPay is a great new tool to empower the members of America's military, Defense civilians, retirees and annuitants manage their pay. The self-service web-based tool lets people make changes to their pay account information online, from anywhere at anytime through the Internet. MyPay delivers Leave and Earning Statements two days before printed copies are mailed, and, most importantly MyPay delivers the information people want when they want it because it is available on the Web anywhere, at anytime. MyPay is a migratory web application operating in a steady state mode. MyPay is required to make capital investment changes to the application that increases the functionality of the application. Examples of increased functionality are the addition of new self-service transactions for military and civilian pay. Capital investment fund in FY 2004 through FY2007 will be used according to Federal Accounting Standard Board (FASAB) #10 guidance to fulfill system change requirements.

Exhibit Fund-9b Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)	A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. **Component/ Activity/ Date:** Defense Finance and Accounting Service February 2005	C. **Line No. & Item Description:** Software Dev/Mod – Forward Compatible Payroll (FCP – 2001 – BL 1)	D. **Activity Identification** DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			8,863			5,400			4,559			6,563

Narrative Justification: The DFAS Forward Compatible Payroll (FCP) initiative will design, develop and implement a new single integrated active/reserve payroll capability that replaces the Defense Joint Military Pay System (DJMS). FCP will address the urgent military payroll problems that are generated by the aging DJMS system. FCP will implement payroll modernization while supporting the overall DoD objective of establishing an integrated military personnel and pay system and will be made available to the Defense Integrated Military Human Resource System (DIMHRS) Joint Program Management Office as Government Furnished Equipment for potential seamless integration into the DIMHRS architecture. The Life Cycle Cost Estimate, November 6, 2003, states the total savings during the period FY 2003 - FY 2009 as $109M. FY2004 funds were used to acquire government and contract systems integration engineering experience to fully develop and integrate the PeopleSoft® and Business Rules Engine (BRE) applications to meet DoD requirements and ensure seamless interfaces with selected GOTS software and DFAS corporate data structures. Funds were also applied to the acquisition of commercial-off-the-shelf (COTS) software packages required to support military pay functionality. In addition, information processing services (provided by the Defense Information Systems Agency (DISA)) were acquired to establish the initial environment to support final development and System Acceptance Test. FY 2005 funding will support continued engineering resources (government and contract) to complete the development and test of the FCP system. Information processing services will also be required as well as the acquisition of operational software licenses. FY2006 and FY 2007 funds will be utilized to implement functional changes to the operational system as legislated by Congress or mandated by the Department or Services.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)	A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. **Component/ Activity/ Date:** Defense Finance and Accounting Service February 2005	C. **Line No. & Item Description:** Software Dev/Mod - General Accounting and Finance System-Reengineered (GAFS-R – 7126 – BL 5)	D. **Activity Identification** DFAS Sites

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			1,648			1,425			0			0

Narrative Justification: General Accounting and Finance System-Reengineered (GAFS-R) is the Defense Finance Accounting Service (DFAS) interim migratory Air Force accounting system to support the corporate Accounting business line and will ultimately be replaced by the Air Force Enterprise Resource Planning (ERP). The FY 2004 and FY 2005 funds are for System Change Requests (SCRs) such as (1) Centralizes the tracking and reporting of Accounts Payable (A/P) & Accounts Receivable (A/R) aging.   Provides manual input for those items such as Centrally Managed Accounts (CMAs) that cannot be tracked systemically; (2) Modify baseline of Data Mart and GAFS-Base-Level to accommodate Fiscal Year End or other requirements driven by legislation, regulations, policy, or mission requirements; Modify Integration Engine. Mapping for Defense Industrial Financial Management System (DIFMS) Integration Engine must be modified to accommodate the post merger GAFS-BL records and transform them into the acceptable DIFMS format; (3) Modifies the Data Mart and GAFS-R Base-Level module to carry a document made up of a standard document number and link it to the original funding document; (4) Modifies the Data Mart and A/R COTS to become public key infrastructure (PKI)/ Common Access Card (CAC) compliant; (5) Currently, an automated reconciliation, using the existing Database Transfer (DBT), is performed to ensure the base-level accounting system and the data mart is in sync. This will modify the level of detail contained on the DBT that will reduce the effort it takes to research discrepancies; and (6) Completion of Central Procurement Accounting System (CPAS) Merger into GAFS-R Base-Level Module.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. Component/ Activity/ Date: Defense Finance and Accounting Service February 2005	**C. Line No. & Item Description:** Software Dev/Mod – Integrated Accounts Payable System (IAPS – 3203 – BL 4)	**D. Activity Identification** DFAS Sites

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			1,245			0			467			0

Narrative Justification: The Integrated Accounts Payable System (IAPS) is the DFAS standard vendor pay entitlement system for the United States Air Force, Air National Guard, and the Defense Security Service.

The FY 2006 capital funds will support the Database Expansion and Restructure functionality as well as the electronic receipt of invoices and receipts. Software modifications will provide the logic and required processes to archive and purge old data from an active database to storage mediums and accomplish End of Year processing requirements. In addition, the increased functionality will support an automated reject/recycle capability allowing rejected electronic transactions to be recycled back into a subsequent IAPS update without manual intervention.

The Return on Investment Analysis for FY 2006 funds provides an estimated saving of approximately $1.2 million from FY 2006 through FY 2011.

Exhibit Fund-9b Activity Group Capital Purchase Justification

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)		A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Software Dev/Mod - Marine Corps Total Force System
(MCTFS – 2117 – BL 3)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			10,417			5,291			5,230			0

Narrative Justification: The Marine Corps Total Force System (MCTFS), jointly sponsored and owned by DFAS and the United States Marine Corps (USMC), is an integrated pay and personnel system. It supports both Active and Reserve components of the Marine Corps, and the personnel management of all retired Marines. The central database is maintained by the Financial System Activity in Kansas City, Missouri. The system is used during peacetime, wartime, and in times of crisis. It supports worldwide deployments and contingencies for a seamless mobilization of Reserves—both individual and unit. MCTFS is a legacy system operating in sustainment mode and scheduled for replacement by Defense Integrated Military Human Resource System (DIMHRS) in September 2008.

The FY 2005 and FY 2006 funds will be use to fund legislative, regulatory, DoD and state mandatory changes.

Exhibit Fund-9b Activity Group Capital Purchase Justification

| ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands) | | | A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates | | | |

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Software Dev/Mod - Mechanization of Contract
Administration Services (MOCAS-3201-BL 4)

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			5,000			0			0			0

Narrative Justification: The Mechanization of Contract Administration Services (MOCAS) is an automated integrated financial and contracts administration system. The funds were used for software development/modification of the MOCAS system. Funding was to be used for system changes to MOCAS as well as for the technical migration of the system to a Relational Data Base Management System. The funds support the firm-fixed price contract to execute the rehost of MOCAS. The Return on Investment Analysis provides estimated savings of approximately $11,986K from FY 2005 through FY 2011.

Exhibit Fund-9b Activity Group Capital Purchase Justification

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)		A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. Component/ Activity/ Date:
Defense Finance and Accounting Service
February 2005

C. Line No. & Item Description:
Software DevMod: MilPay Systems Transition Program Office (MSTPO-2135)/ Defense Military Office (DMO-2424) – BL 1

D. Activity Identification
DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
DMO-2424			2,314						2,048			
MSTPO - 2135			6,578			5,732			5,071			3,603
Total			8,892			5,732			5,071			3,603

Narrative Justification: The Defense MilPay Office (DMO) is a Defense Finance and Accounting Service (DFAS) pay application, using modern technology with the user in mind. The FY 2004 funds will be used to implement functional enhancements that will result in productivity improvements including automated error correction capabilities, external file import capabilities to facilitate mass transaction processing, transaction scripting capability, prefill capabilities to minimize keystrokes. In addition, FY 2004 funding will be used to engineer and develop the integration of DMO into the Forward Compatible Payroll (FCP) system. FY 2006 funding will facilitate implementation of legislated and mandated changes to the functional capabilities of the DMO system until DMO is fully integrated into the FCP fully operational system. The MilPay Systems Transition Program (MSTP) and related program office (MSTPO) was chartered (originally as the Defense Integrated Military Human Resources System (DIMHRS) for Personnel and Pay (Pers/Pay) Pay Program (DPP)) to provide dedicated support to the design, development, and implementation of the DIMHRS (Pers/Pay) pay functionality. The FY 2004 funds have been applied to the continued definition and validation of system requirements to support implementation of the DIMHRS (Pers/Pay) military pay capability, as well as the review of technical engineering and design documents as part of DIMHRS (Pers/Pay) Integrated Product teams (IPT). Technical services are required to support input to and review of system engineering documentation including system design and specification, database design and development, interface and reports requirements, and systems analysis. In addition, funds will be utilized for the development, refinement, and information processing center support of the Pay Warehouse. The Pay Warehouse will support the DFAS Accounting and Disbursing Interface (DADI) under DIMHRS (Pers/Pay) for outbound interfaces and reporting requirements for pay and will also support the reporting requirements of the Service Financial Managers. FY 2005 funds will provide continued support to the DIMHRS (Pers/Pay) engineering staff and Developer/Implementer (D/I) contractor in the detailed design and development of the system. FY 2005 funds are being used for completion of development and implementation of the Pay Warehouse to support deployment of the Forward Compatible Payroll (FCP) system. FY 2006 funds will be used to continue the engineering and technical support of the DIMHRS (Pers/Pay) program as the initiative transitions to full development and test. Technical expertise will be required to formulate a detailed and accurate definition and specification of DADI requirements to ensure integration of DIMHRS payroll functionality with DFAS payroll management and accountability requirements. FY 2007 funds will be used to provide engineering and technical support to DIMHRS (Pers/Pay) with final system testing and initial implementation and deployment. In addition, technical support will be necessary for program close out, ensuring that technical documentation is complete and all requirements have been addressed by the new system.

ACTIVITYGROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)	A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. **Component/ Activity/ Date:** Defense Finance and Accounting Service February 2005	C. **Line No. & Item Description:** Software Dev/Mod - Operational Data Store (ODS-9854-BL5)	D. **Activity Identification** DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			2,300			1,300			1,300			1,300

Narrative Justification: Operational Data Store (ODS) is an Oracle based system operating on a UNIX Operating System on a mid-tier platform at Defense Enterprise Computing Center located at Rock Island (DECC-RI). ODS serves as a 'Traffic Cop' and a 'Central Repository of Data.' ODS is a 'Traffic Cop' in that it directs data between various automated systems; and a 'Central Repository of Data' in that it stores financial transactions and makes them available via Army Shared Knowledge – Financial Management (ASK-FM), a web based business intelligence tool, to the DFAS and Army financial community. In addition, the Navy, Air Force, and Defense Agencies financial communities use ODS's financial data in the areas of Foreign Military Sales (FMS), cross-disbursing, and general accounting.

The FY 2005 through FY 2007 funds will support the integration of all Army legacy systems and provide the Army with ASK-FM, a web based business intelligence tool.

Exhibit Fund-9b Activity Group Capital Purchase Justification

ACTIVITYGROUP CAPITAL INVESTMENT JUSTIFICATION (In Thousands)	A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. **Component/ Activity/ Date:** Defense Finance and Accounting Service February 2005	C. **Line No. & Item Description:** Software Dev/Mod - Standard Accounting and Reporting System (STARS – 7306-BL 5)	D. **Activity Identification** DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total			2,375			2,500			3,000			3,000

Narrative Justification: Standard Accounting and Reporting System (STARS) is a general fund accounting and reporting system that accounts for more than $750 billion in Navy, Marine Corps, Air Force and Defense Agencies' direct and reimbursable funds appropriated by Congress. The receipt and use of these funds are recorded at the detail transaction level through structured successive steps (i.e. authorizations, commitments, obligations, payables, and expenditures). The detail transactions create the United States Standard General Ledger (USSGL) general ledger balances from which Trial Balance reports at the Line of Accounting level create Major Command, Departmental, Audited Financial Statements and other financial fiduciary reports (i.e. SF 133, DD 1002, FMS 2108). STARS currently support 58 individual Appropriations.

Budget and out year funds will provide resources to implement system changes to help the Department of Navy obtain an unqualified audit opinion by FY 2007. The initiatives are part of the Department of Navy's Mid-Range Financial Improvement Plan and are targeted to enhance system reporting of property, accounts receivable, advances, and budget execution for better financial management. The intent of each initiative is to bring the system into compliance with DOD Financial Management Regulation (FMR) and Treasury FMS accounting guidance on payables, receivables, property, and expired funds. Each initiative is consistent with Business Management Modernization Program (BMMP) objectives for timely and reliable financial and management information where the solution facilitates implementation of Domain-specific solutions and improvements in the DOD agency's Balanced Score Card measure.

Exhibit Fund-9b Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)

A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates

B. Component/ Activity/ Date:	**C. Line No. & Item Description:**	**D. Activity Identification**
Defense Finance and Accounting Service February 2005	Software Dev/Mod - Other Systems	DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TGET-(3521-5)			255			125			375			0
DDMS – (5102)			685			720			685			685
e-Biz-BMR –6246			750			250			250			250
MSC FMS-(6413)			932			0			0			0
Total:			2,622			1,095			1,310			935

Narrative Justification: Transportation Global Edit table (**TGET**) is a new system that is predominate in the Automated Commercial Payments & Accounting Initiative under the Management Reform Memorandum (MRM) #15. TGET has been designated by OSD, Transportation policy, as the sole repository for lines-of-accounting (LOA) and Transportation Account Codes (TACs) for downloads to all Service shipping systems for freight and personal property moves bill of lading generation for payment. FY 2004: Funding supported specific customer requirements for further development of detailed edit tables to meet various DFAS accounting system edits and methodology for relating data records internally. FY 2005: Funding needed for automated upload file capability from DFAS accounting systems, and additional shipper system interface requirements per Service requirements, and external messaging and necessary customer report generation. FY2006: Funding to provide new edit tables, additional validation functionality to meet Defense Travel guidelines, and Service specific interface requirements. **Defense Debt Management System (DDMS)**: Automated debt processing includes interfaces with the military pay systems, Department of Treasury, Credit Bureaus, automated debt letters, Treasury lock box processing for collections, and case control features. DDMS provides extracts of indebtedness data for use by Accounting Services in the production of fund, proprietary, and receivables reporting. The applications and data are sensitive because they contain Social Security Numbers (SSN), personal financial information, IRS income tax return information, and other vital statistics of debtors protected by the Privacy Act of 1974. Funding for FY 2004 through FY 2007 will be use to maintain compliance with the Debt Collection Act of 1982, the Deficit Reduction Act of 1984, and the Debt Collection Improvement Act of 1996 and other legal and regulatory requirements or DFAS will be outside of compliance with the law. DDMS is the consolidated DFAS system responsible for collecting all DoD individual out-of-service debt and is responsible for collections totaling approximately $72 million/year. DDMS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. Capital investment funds are used according to Federal Accounting Standard Board (FASAB) #10 guidance to fulfill system change requirements. The **Military Sealift Command Financial Management System (MSC FMS)** FY 2004 funds supported legislative and other regulatory changes for the accounting environment. The **e-Biz/Business Management Redesign (BMR)** application is a Commercial-off-the-Shelf (COTS) web-based application that provides DFAS with enterprise financial management and resource planning capabilities. The funds are utilized for both application development and implementation as well as for application sustainment. The FY 2005 through FY 2007 funds will be used for application sustainment operations as well as development of selected, Configuration Control Board approved software changes.

<table>
<tr><th colspan="2">ACTIVITYGROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)</th><th>A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates</th></tr>
</table>

B. Component/ Activity/ Date: Defense Finance and Accounting Service February 2005	**C. Line No. & Item Description:** Software Dev/Mod - Other Systems- Continued	**D. Activity Identification** DFAS Sites

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
CAPS (3206)			472			502			0			0
GARNS (9104)			500			450			450			450
I-GARNS (9901)			938			200			200			200
TOTAL:			1,910			1,152			750			650
Total												

Narrative Justification: The Computerized Accounts Payable System (**CAPS**) provides a standard installation and center level vendor pay system. It automates vendor pay processes and interfaces with DoD standard procurement, disbursing and accounting systems. FY 2004 and FY 2005 capital funds support functionality to process foreign currency payments and Army Material Commands accounting lines and to provide enhanced Electronic Data Interchange (EDI) entry capabilities. The software changes will enable the migration of contracts from CAPS Clipper to CAPS Windows.   In addition, the changes will automate the matching and storage of EDI invoices and receiving reports separately, eliminating a CAPS design limitation. Other changes include updating current EDI user defined files to comply with the regulations. The Return on Investment Analysis for FY 2005 funds projects estimated benefits of approximately $1.8M from FY 2006 through FY 2011. Garnishment Operations Directorate Garnishment (**GARNS)** System provides online processing of Alimony and Child Support garnishments cases for DoD Civilian and Military Personnel; Commercial Garnishments against civilian employees; Military Commercial Debt Involuntary Allotments; Chapter 13 Bankruptcies for Military Retirees and Active Duty Navy. The Integrated Garnishment System (IGS) is an automated system that guides the Paralegal staff through legal validation to process cases. This initiative provides support for sustainment of the GARNS at the minimum maintenance funding while providing funds for development and modification of GARNS consistent with DFAS Vision, Mission, and Strategic plan. GARNS is a legacy system with no announced replacement. GARNS is in a steady state sustainment mode of operation. GARNS is required to make regulatory and policy based changes that increase the functionality of the application. FY 2004 through FY 2007 Capital investment funds will be used according to Federal Accounting Standard Board (FASAB) #10 guidance to fulfill system change requirements. The Imaged Garnishment (**I-GARN)** System is an Electronic Document Management System vital essential to the processing of garnishments cases. Legal documents are scanned into the I-GARN then sorted and distributed to the Paralegal staff for processing to the Integrated Garnishment System. When the I-GARNS is down, it inhibits the entire garnishment operation. This initiative provides support for sustainment of the I-GARN System. The I-GARN System equipment is at the end of its useful life cycle and is being replaced. The new equipment will require software development to integrate the new equipment into Garnishment Operations. Original requirements submitted for FY04 identified both a hardware and software requirement for capital funds. In FY04 a new Product Line to monitor Information Technology was established and during the realignment of I-GARNS requirements from the old Product Line to the new Product Line the hardware erroneously was changed to software. Authority was provided in FY 2004 to reprogram from software to hardware to correct the error. Capital funds for FY 2005-FY 2007 will be used to meet regulatory and policy driven changes to the I-GARN system according to FASAB #10.

<table>
<tr>
<td colspan="2">ACTIVITYGROUP CAPITAL INVESTMENT JUSTIFICATION
(In Thousands)</td>
<td>A. DFAS Fiscal Year (FY) 2006-2007 Budget Estimates</td>
</tr>
</table>

B. <u>Component/ Activity/ Date:</u> Defense Finance and Accounting Service February 2005	C. <u>Line No. & Item Description:</u> Software Dev/Mod - Other Systems- Continued	D. <u>Activity Identification</u> DFAS Sites

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
DWAS (7334)			500			976			500			500
SABRS (7401)			300			300			0			0
PBAS-FD (7852)			0			500			0			0
SCRT			0			0			350			0
Total			800			1,776			850			500

Narrative Justification: Defense Working Capital Accounting System (DWAS) consists of several functional modules including: general ledger, funds distribution, fixed assets, cost accounting, accounts payables, accounts receivables, billing, contract sales, inventory, and reports. DWAS is a transaction driven, fully compliant accounting system that reports in accordance with US Standard General Ledger. DWAS Capital funding requirements for FY 2005 through FY 2007 are for legislative, regulatory, and changes geared towards receiving a clean audit opinion in FY 2007. In addition to interfaces (e.g., IGTS, WAWF, Credit Cards), the DWAS Accounts Receivable Module requires significant modification to incorporate write-offs and provide functionality for the way the customers collect cost and bill. Standard Contract Reconciliation Tool (SCRT) is a comprehensive system that automates and streamlines the contract reconciliation process, including resulting adjustments to the entitlement and accounting systems, and provides the central registry of contracts being reconciled within DoD, eliminating potential duplication of reconciliation efforts. FY 2006 modifications will eliminate manual efforts by providing Responsible Contract Reconciliation Agents (RCRAs) access to the SCRT Prevalidation Module. RCRAs will be able to approve canceled fund adjustments, as well as adjustments over $1M. SCRT will generate notices to the accounting station RCRAs of awaiting adjustments and the RCRAs will input the needed approvals. Other modifications will provide a systemic feed of rejected adjustment transactions from Mechanization of Contract Administration Services (MOCAS) that will trigger SCRT to automatically set reject flags and reset the adjustment status to require review and correction prior to retransmission to MOCAS. Where necessary, reversing journal vouchers will be generated and transmitted to MOCAS. The Return on Investment Analysis provides estimated savings of approximately $1M from FY 2007 through FY 2011.

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2004

($000)

Projection on the DFAS Fiscal Year (FY) 2006-FY 2007 Budget Estimates

Equipment except ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2004	Enterprise LAN	10,416.0	-20.0	10,396.0	10,396.0
FY 2004	System Security	1,260.0	-40.0	1,220.0	1,220.0
FY 2004	PBX - Telephone System	723.0	-57.0	666.0	666.0
FY 2004	Office Automation (Printers)	528.0	0.0	528.0	528.0
FY 2004	Interactive VRTA	0.0	345.0	345.0	345.0
FY 2004	Trans Global Edit Table	245.0	0.0	245.0	245.0
FY 2004	Imaging -Civilan Garnishments	0.0	225.0	225.0	225.0
	TOTAL:	13,172.0	453.0	13,625.0	13,625.0

The Enterprise Local Area Network (ELAN) is the digital communications infrastructure that inter-connects all Defense Finance and Accounting Service (DFAS) sites around the world. The ELAN is the medium that carries all the E-mail to internal and external users, provides DFAS employees with connectivity to accounting and pay systems, allows DFAS customers visibility to their respective information, and enables the distributed DFAS entity to work towards the same vision and goals.   The funds will be used for ELAN Transformation, Virtual Private Network (VPN) Servers, ELAN Platform Engineering Team (EPET) Network Analysis Devices, local area network (LAN) Connectors, Extenders, Uninterrupted Power Supply (UPS) & Switches, and Network Analysis Equipment.

Security: The purpose of the security initiative is to protect the DFAS communications and computing infrastructure assets on the DFAS Enterprise Local Area Network from internal and external threats manifested as unauthorized access attempts, electronic viruses, hacks, cracks, or automated scripts. This is accomplished using firewalls, email guards, network encryption technology, intrusion detection systems and other security related equipment. Government and contracted expertise monitor and manipulate this equipment to ensure the DFAS ELAN is a safe computing environment. The funds will be used for Tech Refreshment for firewalls, Vulnerability Assessment Server Agent, Enterprise Security Admin Servers & Load Balancers, Enterprise Management Appliance, and Firewall Server Appliances.

The Private Branch Exchange (PBX) funding support the acquisition for a lease to own option which is required telephone infrastructure supporting DFAS-Cleveland.

For the printers, the funds will be used for the lease payments on contract number MDA230-03-P-0038 for the four Eaglevision laser check printers used by Disbursing, DFAS-Columbus and DFAS-Indianapolis.

The Interactive Voice response system (IVRS) answers 75% of the calls received at Cleveland Contact Center from Service members, civilians, retirees, annuitants, and garnishment customers. The funds will be used to procure hardware to replace aging equipment.

Transportation Global Edit table (TGET) is a new system that is predominate in the Automated Commercial Payments & Accounting Initiative under the Management Reform Memorandum (MRM) #15, supported by OSD, United States Transportation Command (USTRANSCOM), and DFAS. TGET has been designated by OSD, Transportation policy, as the sole repository for lines-of-accounting (LOA) and Transportation Account Codes (TACs) for downloads to all Service shipping systems for freight and personal property moves bill of lading generation for payment. The funds are to purchase equipment & software to support 3,000 new users and to increase system processing speed, and memory capacity. For the printers, the FY04 funds will be used for the lease payments on contract number MDA230-03-P-0038 for the four Eaglevision laser check printers used by Disbursing, DFAS-CO and DFAS-IN.

The Garnishment Electronic Document Management (EDM) system is the key to a paperless Garnishments operation and a main component of our Business Process Reengineering (BPR) plan. In addition, the Garnishment EDM system contributes to excellence in customer service by providing our customer service representatives and paralegal staff with readily available access to legal documents which allows them to answer most of our customer's questions the first time they are contacted. The FY2004 funds will be used to procure a scanner (hardware) to complete the mailroom technology update and to procure additional hardware to enhance the capability of the Continuity of Operations Plan (COOP) host in order to provide for supporting Imaging Garnishment (IGARN) COOP. Although the final development of the COOP plan is still in progress, the current plan will require the above hardware.

Minor Construction

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2004	Minor Construction	1,145.0	0.0	1,145.0	1,145.0

The funding for the Minor Construction program will support renovations (rewiring) of Office Space at different sites and construct force protection barriers at various sites.

Software Development and Modification (SW DEVMOD)

1. Accounting Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2004	Business Management Redesign/e-Biz	750.0	220.0	970.0	970.0
FY 2004	Defense Industrial Financial Management System	1,000.0	-1,000.0	0.0	0.0
FY 2004	Defense Working Capital Accounting System	500.0	-164.0	336.0	336.0
FY 2004	Defense Cash Accountability System	5,995.0	0.0	5,995.0	5,995.0
FY 2004	Defense Departmental Reporting System	4,161.0	0.0	4,161.0	4,161.0
FY 2004	General Accounting & Finance System - Reengr	1,648.0	0.0	1,648.0	1,648.0
FY 2004	Standard Accounting & Reporting System	2,375.0	0.0	2,375.0	2,375.0
FY 2004	Operational Data Store	2,300.0	0.0	2,300.0	2,300.0
	TOTAL	18,729.0	-944.0	17,785.0	17,785.0

The e-Biz/Business Management- Redesign (BMR) application is a Commercial-off-the-Shelf (COTS) web-based application that provides DFAS with enterprise financial management and resource planning capabilities. The funds are utilized for both application development and implementation as well as for application sustainment. The FY 2005 funds will be used for application sustainment operations as well as development of selected, Configuration Control Board approved software changes.

The Defense Industrial Financial Management System (DIFMS) is a Chief Financial Officer (CFO) Act compliant accounting system that enables its customers to produce auditable financial statements. The system provides Core Financial Systems Management, Financial Reporting, Funds Control, General Ledger Management, Receipts Management, Payments Management, and Cost Management functions to its customer activities. No funds are required this year.

Defense Working Capital Accounting System (DWAS) is a fully integrated Working Capital Fund (WCF) and General Fund (GF) financial management system supporting accounting functions for the Information Services Activity Group (ISAG) Air Force, the Defense Automation and Production Service (DAPS), the Defense National Stockpile Center (DNSC), the Naval Facilities Engineering Service Center (NFESC), and the Naval Public Works Centers (PWCs) business areas. DWAS consists of several functional modules including: general ledger, funds distribution, fixed assets, cost accounting, accounts payables, accounts receivables, billing, contract sales, inventory, and reports. DWAS is a transaction driven, fully compliant accounting system that reports in accordance with US Standard General Ledger.

Defense Working Capital Accounting System (DWAS) Capital funding requirements for FY 2004 is for legislative, regulatory, and changes geared towards receiving a clean audit opinion in FY 2007. In addition to interfaces (e.g., Wide-area Work Flow (WAWF), Credit Cards), the DWAS Accounts Receivable Module requires significant modification to incorporate write-offs and provide functionality for the way the customers collect cost and bill.

Defense Cash Accountability and Reporting System (DCAS) is the migration system selected by the Defense Finance and Accounting Service (DFAS) to be the single cash accountability system for the Department of Defense (DoD). DCAS will meet the need to re-engineer and consolidate multiple disparate systems into a single DoD cash accountability and reporting process supporting all DoD components, as well as external stakeholders. Cash accountability is the reporting of disbursements, reimbursements, deposits and receipts to the United States Treasury, as well as all other transactions which would impact the status of funds. The FY 2004 funds will support added functionality for yearend reporting, closed account appropriation adjustments, and interfund transactions for Phase 2. It will also support the implementation of DCAS Phase 3, which includes the reconciliation of Treasury expenditure data with accounting system data and the elimination of Financial Reporting System in the DFAS Cleveland and DFAS Kansas City networks. This effort includes costs for finalizing design and development, developmental testing and DCAS Phase 3 Milestone C. In addition to Phase 2 and Phase 3 functionality, the funds will be utilized to initiate identification of requirements for DCAS Phase 4, Treasury and Reconciliation for Indianapolis and Columbus networks, and Phase 5, Treasury and Reconciliation for the Denver network. DDRS standardizes the departmental reporting process for all DoD Fund Types. This modern web-based system is used to produce the DoD Audited Financial Statements and budgetary reports, provide data query and report generation tools, eliminate the need for manual reconciliation, and operate within the DFAS Corporate Information Infrastructure environment (DCII). The FY 2005 capital funds will be used to update DDRS Audited Financial Statement (AFS) / Federal Agencies' Centralized Trial-Balance System (FACTS I) annual reporting and implement budgetary reporting functionality for the following: Defense Working Capital Fund (DWCF) reporting for the Air Force and select DoD Agencies and Navy and Marine Corps General Fund Reporting.

Operational Data Storage (ODS) is an Oracle based system operating on a UNIX Operating System on a mid-tier platform at Defense Enterprise Computing Center located at Rock Island (DECC-RI). ODS serves as a 'Traffic Cop' and a 'Central Repository of Data.' ODS is a 'Traffic Cop' in that it directs data between various automated systems; and a 'Central Repository of Data' in that it stores financial transactions and makes them available via ASK-FM, a web based business intelligence tool, to the DFAS and Army financial community. In addition, the Navy, Air Force, and Defense Agencies financial communities use ODS's financial data in the areas of Foreign Military Sales (FMS), cross-

disbursing, and general accounting. The FY 2004 funds will support the integration of all Army legacy systems and provide the Army with ASK-FM, a web based business intelligence tool.

General Accounting and Finance System-Reengineered (GAFS-R) is the Defense Finance Accounting Service (DFAS) interim migratory Air Force accounting system to support the corporate Accounting business line and will ultimately be replaced by the Air Force Enterprise Resource Planning (ERP). On January 8, 2004, Dr. Dov Zakheim, OUSD (C), approved the FY2004 System Change Requests (SCRs) for the following: (1) Accounts Payable (A/P) & Accounts Receivable (A/R) Aging. Centralizes the tracking and reporting of A/P & A/R aging.   Provides manual input for those items such as CMAs that cannot be tracked systemically; (2) Fiscal Year End. Modify baseline of Data Mart and GAFS-Base-Level to accommodate Fiscal Year End or other requirements driven by legislation, regulations, policy, or mission requirements; Modify Integration Engine. Mapping for DIFMS Integration Engine must be modified to accommodate the post merger GAFS-BL records and transform them into the acceptable DIFMS format; (3) Modifies the Data Mart and GAFS-R Base-Level module to carry a document made up of a standard document number which may include DoDAAC and link it to the original funding document; (4) Modifies the Data Mart and A/R Commercial off-the-shelf (COTS) to become PKI/Common Access Card (CAC) compliant; (5) Change Level of Database Transfer (DBT) Reporting. Currently, an automated reconciliation, using the existing DBT, is performed to ensure the base-level accounting system and the data mart is in sync. This SCR will modify the level of detail contained on the DBT that will reduce the effort it takes to research discrepancies; and (6) Completion of Central Procurement Accounting System (CPAS) Merger into GAFS-R Base-Level Module. Adds the Central Procurement functionality to GAFS-R Base-Level module and eliminates CPAS. Merged system becomes single base-level system providing Air Force support.

Standard Accounting and Reporting System (STARS) is a general fund accounting and reporting system that accounts for more than $750 billion in Navy, Marine Corps, Air Force and Defense Agencies' direct and reimbursable funds appropriated by Congress. The receipt and use of these funds are recorded at the detail transaction level through structured successive steps (i.e. authorizations, commitments, obligations, payables, and expenditures). The detail transactions create the United States Standard General Ledger (USSGL) general ledger balances from which Trial Balance reports at the Line of Accounting level create Major Command, Departmental, Audited Financial Statements and other financial fiduciary reports (i.e. SF 133, DD 1002, FMS 2108). STARS currently supports 58 individual Appropriations. The FY 2004 funds will provide resources to implement system changes that help the Department of Navy obtain an unqualified audit opinion by 2007. The initiatives are part of the Department of Navy's Mid-Range Financial Improvement Plan and are targeted to enhance system reporting of property, accounts receivable, advances, and budget execution for better financial management. The intent of each initiative is to bring the system into compliance with DOD Financial Management Regulation (FMR) and Treasury Foreign Military Sales (FMS) accounting guidance on payables, receivables, property, and expired funds. Each initiative is consistent with Business Management Modernization Program (BMMP) objectives for timely and reliable financial and management information where the solution facilitates implementation of Domain-specific solutions and improvements in the DOD agency's Balanced Score Card measure.

3. Disbursing Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2004	Deployable Disbursing System	2,063.0	0.0	2,063.0	2,063.0
	TOTAL	2,063.0	0.0	2,063.0	2,063.0

Deployable Disbursing System (DDS) provides a capability to Army finance soldiers in support of our nation's warfighters. It supports the President's Management Agenda goal of improved financial performance by providing more accurate and timely accounting information from contingency operations such as Iraqi Freedom and the Balkans. It is a completely integrated disbursing system and complies with DoD FMR (Financial Management Regulation), Volume 5. DDS's versatility is provided by its ability to be used in any computer configuration the user desires: network, stand-alone or laptop. DDS will replace Disbursing Office Processing System (DOPS) in non-U.S. garrison environments, but unlike DOPS, can be deployed to a tactical environment with or without connectivity. The system supports single-source input, maintains a Disbursing Officer's accountability and produces level 8 Treasury reports. The funds are required complete baseline development and for implementation of the DDS at OCONUS and current operational sites such as Iraqi Freedom and the Balkan operations. Funding provides for technical support and providing patches to systemic problems discovered either during or after testing. Technical support includes developmental costs and contractor support.

Military and Civilian Pay Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2004	MilPay Systems Transition Program Office	6,578.0	0.0	6,578.0	6,578.0
FY 2004	Employee/Member Self Service System (MyPay)	1,850.0	0.0	1,850.0	1,850.0
FY 2004	Defense Joint Military Pay System – Active	4,195.0	0.0	4,195.0	4,195.0
FY 2004	Defense Joint Military Pay System – Reserve	2,368.0	0.0	2,368.0	2,368.0
FY 2004	Defense MILPAY Office	2,314.0	0.0	2,314.0	2,314.0
FY 2004	Forward Compatible Payroll	8,863.0	0.0	8,863.0	8,863.0
FY 2004	Marine Corps Total Force System	10,417.0	0.0	10,417.0	10,417.0
FY 2004	Defense Civilian Payroll System	6,741.0	0.0	6,741.0	6,741.0
FY 2004	Defense Retiree & Annuitant Pay System	1,800.0	-370.0	1,430.0	1,430.0
	TOTAL	45,126.0	-370.0	44,756.0	44,756.0

The MilPay Systems Transition Program (MSTP) and related program office (MSTPO) was chartered (originally as the Defense Integrated Military Human Resources System (DIMHRS) for Personnel and Pay (Pers/Pay) Pay Program (DPP)) to provide dedicated support to the design, development, and implementation of the DIMHRS (Pers/Pay) pay functionality. Since October 1999, the DFAS MSTPO staff has supported extensive Joint Requirements and Integration Office (JR&IO) requirements analysis and review. In addition, the MSTP has supported the DIMHRS Joint Program Management Office (JPMO) Integrated Process Teams (IPT) addressing business rules, data mapping, reports and interfaces, training, testing, logistics, deployment, and cost analysis. The MSTP will be required to provide this type of functional and technical expertise to the DIMHRS program through full operating capability (FOC) currently scheduled for FY 2008. As an adjunct to DFAS support to DIMHRS, the MSTP also includes the development of a Pay Warehouse. In the interim, the Pay Warehouse will support interfaces, reporting and query capabilities for Forward Compatible Payroll (FCP) until DIMHRS (Pers/Pay) is deployed. The funds will be applied to the continued definition and validation of system requirements to support implementation of the DIMHRS (Pers/Pay) military pay capability, as well as the review of technical engineering and design documents as part of DIMHRS (Pers/Pay) Integrated Product teams (IPT). Technical services are required to support input to and review of system engineering documentation including system design and specification, database design and development, interface and reports requirements, and systems analysis. In addition, funds will be utilized for the development, refinement, and information processing center support of the Pay Warehouse. The Pay Warehouse will support the DFAS Accounting and Disbursing Interface (DADI) under DIMHRS (Pers/Pay) for outbound interfaces and reporting requirements for pay and will also support the reporting requirements of the Service Financial Managers.

MyPay is a great new tool to empower the members of America's military, Defense civilians, retirees and annuitants manage their pay. The self-service web-based tool lets people make changes to their pay account information online, from anywhere at anytime through the Internet. MyPay delivers Leave and Earning Statements two days before printed copies are mailed, and, most importantly myPay delivers the information people want when they want it because it is available on the Web anywhere, at anytime. MyPay is a migratory web application operating in a steady state mode. MyPay is required to make capital investment changes to the application that increases the functionality of the application. Examples of increased functionality are the addition of new self-service transactions for military and civilian pay. Capital investment fund will be used according to Federal Accounting Standard Board (FASAB) #10 guidance to fulfill system change requirements.

Defense Joint Military Pay System (DJMS) – Active Component (AC) and Reserve Component (RC) is a legacy system operating in a sustainment mode. DJMS-AC and RC are being replaced by the Forward Compatible Pay (FCP) system with initial deployment beginning in FY05 and fully implementation by FY07. FY04 funds will be use to fund legislative, regulatory, DoD and state mandated changes. Beginning in FY05 legislative, regulatory, DoD and state mandated changes determined to be economically justifiable will be funded with operating funds.

The Marine Corps Total Force System, jointly sponsored and owned by DFAS and the USMC, is an integrated pay and personnel system. It supports both Active and Reserve components of the Marine Corps, and the personnel management of all retired Marines. The central database is maintained by the Financial System Activity in Kansas City, Missouri. The system is used during peacetime, wartime, and

in times of crisis. It supports worldwide deployments and contingencies for a seamless mobilization of Reserves—both individual and unit.

The Defense MilPay Office (DMO) is a Defense Finance and Accounting Service (DFAS) pay application, using modern technology with the user in mind. The system was developed to provide a standard software suite for input of pay transactions, inquiry capability, reports and query features, feedback, pay products and a field-level MilPay financial module. These features support maintenance of military pay accounts and processing of pay transactions from all components of the Army, Navy and Air Force into the Defense Joint Military Pay System (DJMS). The DMO application provides the following features: Easy to use Windows 'Look and Feel'; Simple Pull-Down Menus and Tool Bars; Plain English Pay Actions; Pre-filled Screens; Easy to Follow Instructions; Comprehensive Help System; Reduces Duplicate Transactions; Easy Access to Other DJMS Information Systems; Easy Transmission of Data; and Reduces Training Requirements. The funds will be used to implement functional enhancements that will result in productivity improvements including automated error correction capabilities, external file import capabilities to facilitate mass transaction processing, transaction scripting capability, prefill capabilities to minimize keystrokes. In addition, FY2004 funding will be used to engineer and develop the integration of DMO into the Forward Compatible Payroll (FCP) system.

The DFAS Forward Compatible Payroll (FCP) initiative will design, develop and implement a new single integrated active/reserve payroll capability that replaces the Defense Joint Military Pay System (DJMS). FCP will address the urgent military payroll problems that are generated by the aging DJMS system. FCP will implement payroll modernization while supporting the overall DoD objective of establishing an integrated military personnel and pay system and will be made available to the DIMHRS Joint Program Management Office as Government Furnished Equipment for potential seamless integration into the DIMHRS architecture. The funds were used to acquire government and contract systems integration engineering experience to fully develop and integrate the PeopleSoft® and Business Rules Engine (BRE) applications to meet DoD requirements and ensure seamless interfaces with selected GOTS software and DFAS corporate data structures. Funds were also applied to the acquisition of commercial-off-the-shelf (COTS) software packages required to support military pay functionality. In addition, information processing services (provided by the Defense Information Systems Agency (DISA)) were acquired to establish the initial environment to support final development and System Acceptance Test.

Marine Corps Total Force System (MCTFS) is a legacy system operating in sustainment mode and scheduled for replacement by DIMHRS in September 2008. The funds will be use to fund legislative, regulatory, DoD and state mandatory changes.

The Defense Civilian Pay System (DCPS) is the standard Department of Defense civilian pay system. The system maintains pay and leave entitlement records, deductions and withholdings, time and attendance data and other pertinent employee personnel data. Multiple accounting systems interface with DCPS by receiving one or a combination of several standard accounting files. The DCPS Automated Information System is developed and maintained by a single Central Design Activity the Technical Service Organization (TSO) - Pensacola.   The funds will be use to provide funding to TSO Pensacola to provide developmental, programming and testing of DCPS interim releases.

The Defense Retiree and Annuitant System (DRAS) is the standard, consolidated system for paying all Army, Navy, Marine Corps and Air Force military retirees, annuitants and former spouses. Additional subsystems of DRAS include Voluntary Separation Incentive (VSI), Victims of Abuse (VOA), Combat Related Special Compensation (CRSC), Concurrent Retirement and Disability Payments (CRDP) and Special Compensation for the Severely Disabled (SCSD). DRAS establishes, maintains and adjudicates pay accounts. DRAS is a legacy system with no announced replacement. DRAS is in a steady state sustainment mode of operation. Historically, DRAS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. Capital investment funds for FY04 through FY07 will be used according to FASAB #10 guidance to fulfill system change requirements. A business case analysis project is planned for FY 2005 that will lead to a decision whether to pursue replacement of the current DRAS or continue the present application.

FY 2004 reprogramming was necessary to re-utilize Capital investment funds in the IVRS (SID 9501) program. Funds became surplus to DRAS when senior management suspended work on a Capital SCR pending a Business Case Analysis Study.

4. Other Systems

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2004	Automated Time Attendance & Production System	1,160.0	0.0	1,160.0	1,160.0
FY 2004	Defense Debt Management System	685.0	0.0	685.0	685.0
FY 2004	Garnishment Support System	500.0	0.0	500.0	500.0
FY 2004	MSC FMS	932.0	0.0	932.0	932.0
FY 2004	Imaging - Civilian Garnishments	938.0	-225.0	713.0	713.0
FY 2004	Mechanization of Contract Administration Support	5,000.0	267.0	5,267.0	5,267.0
FY 2004	Integrated Accounts Payable System	1,245.0	-267.0	978.0	978.0
FY 2004	Interactive VRTA	0.0	0.0	0.0	0.0
FY 2004	Electronic Commerce/Data Interchange	1,632.0	-299.0	1,333.0	1,333.0
FY 2004	DFAS Corporate Database and Warehouse	3,173.0	0.0	3,173.0	3,173.0
FY 2004	Computerized Accounts Payable System	472.0	0.0	472.0	472.0
FY 2004	Transportation Global Edit Table System	255.0	-0.6	254.4	254.4
	TOTAL	15,992.0	-524.6	15,467.4	15,467.4

The Automated Time Attendance and Production Systems (ATAAPS) provides an automated, single-source input for reporting, and collecting time and attendance (T&A), labor data and for passing that information to interfacing payroll and accounting systems. The TSO Pensacola is responsible for development and maintenance. There are two versions of ATAAPS. One-version uses a character based interface in a mainframe environment and the other uses a Graphical User Interface in a client/server environment with frequently used portions of the application available in a Web enabled environment. The funds will be use to provide funding to TSO Pensacola for ATAAPS planning and other software development support.

Defense Debt Management System (DDMS) is an on-line debt management system designed and developed to maintain, control, and report on DoD individual out-of-service military entitlement and delinquent debt. The DDMS system has been consolidated for collection for all DoD service debts of this type. The DDMS is operated and maintained at DFAS-DE using mainframe computers located at Mechanicsburg PA. The funding will be use to maintain compliance with the Debt Collection Act of 1982, the Deficit Reduction Act of 1984, and the Debt Collection Improvement Act of 1996 and other legal and regulatory requirements or DFAS will be outside of compliance with the law.

Garnishment Operations Directorate Garnishment Support System (GARNS) provides online processing of Alimony and Child Support garnishments cases for DoD Civilian and Military Personnel; Commercial Garnishments against civilian employees; Military Commercial Debt Involuntary

Allotments; Chapter 13 Bankruptcies for Military Retirees and Active Duty Navy. The Integrated Garnishment System (IGS) is an automated system that guides the Paralegal staff through legal validation to process cases. This initiative provides support for sustainment of the GARNS at the minimum maintenance funding while providing funds for development and modification of GARNS consistent with DFAS Vision, Mission, and Strategic plan. The funds is required to make regulatory and policy based changes that increase the functionality of the application and used according to FASAB #10 guidance to fulfill system change requirements.

Military Sealift Command-Financial Management System (MSC-FMS) is an Oracle Based Financial System that was developed to provide Cost Accounting, Budgetary Information, and Appropriated and Working Capital Fund Accounting information to USTRANSCOM, the Navy, the Army, and the two "dual-hatted" Commands, MSC, and Military Traffic Management Command (MTMC). DFAS provides accounting and accounting policy support for the MSC-FMS accounting systems. The funds will be utilized as follows: (1) Tested and implemented upgrade from version 11.5.4 to 11.5.9 to Oracle Federal Financials. (2) Implement the FA2 format into the customers' lines of accounting within MSC-FMS. (3) Test and implement changes required for FY 04 yearend changes and (5) Test and implement cash reporting not originally programmed into MSC-FMS.

The Imaging – Civilian Garnishment (I-GARN) System is an Electronic Document Management System vital essential to the processing of garnishments cases. Legal documents are scanned into the I-GARN then sorted and distributed to the Paralegal staff for processing to the Integrated Garnishment System. When the I-GARNS is down, it inhibits the entire garnishment operation. This initiative provides support for sustainment of the I-GARN System. The funds will procure new equipment as well as require software development to integrate the new equipment into Garnishment Operations.

For Mechanization of Contract Administration Services (MOCAS): Funding was to be used for system changes to MOCAS as well as for the technical migration of the system to a Relational Data Base Management System.

The Integrated Accounts Payable System (IAPS) is the DFAS standard vendor pay entitlement system for the United States Air Force, Air National Guard, National Imaging and Mapping Agency, and the Defense Security Service. The funds support the Database Expansion and Restructure (DEAR) functionality as well as the electronic receipt of invoices and receipts. Software modifications will provide the logic and required processes to archive and purge old data from an active database to storage mediums and accomplish End of Year processing requirements.

Electronic Commerce / Electronic Data Interchange (EC/EDI) is a communication method that enables systems to share information. DOD has aggressively implemented EC/EDI solutions to reduce government's burden on the taxpayer and businesses by eliminating redundant collection of data and better leveraging E-Business technologies for communication. EC/EDI encompasses the development and implementation of electronic commerce solutions wherever feasible to improve business processes. Through a collaborative effort, DFAS, the DOD Components, county, state, federal governments, and commercial vendors have implemented several EC/EDI solutions in existing legacy systems to make them capable of receiving business transactions electronically. There are several initiatives within the EC/EDI Program that provide a collective electronic commerce identity. The funds will be used for mapping of Wide area Work Flow (WAWF) data to entitlement and accounting systems to include

Mechanization of Contract Administration Services (MOCAS), One-Pay, Integrated Accounts Payable System (IAPS), Computerized Accounts Payable System (CAPS), Standard Automated Material Management System (SAMMS), Business Support Management (BSM), Standard Accounting Budgeting and Reporting System (SABRS), and e-Biz. Support map changes to the MOCAS logical map for summary cost vouchers to support WAWF. Support MOCAS map change to provide CLIN/ACRN data. Support MOCAS map changes to support the revised concept for routing invoice data to appropriate Paying Office in MOCAS.

The DFAS Corporate Database (DCD) / DFAS Corporate Warehouse (DCW) provides DFAS and DoD with an effective and efficient financial management environment for financial information through a centralized database / warehouse that captures data, ensures its integrity, and supports on line analytical processing, information storage, and retrieval. The DCD/DCW initiative significantly contributes to the consolidation of financial management information and provides an interoperability mechanism to standardize and share financial information. The Accounting and Finance Domain has determined that the DCD/DCW is fully compliant with the Business Enterprise Architecture (BEA). DCD/DCW core functionality consists of Corporate Electronic Funds Transfer (CEFT) processes and Cross-Services Financial Information Support (FIS). This core functionality supports standardization and consolidation by establishing a common structure and processes to include the Global Edit Tables (GET), Standard Fiscal Code (SFC), US Standard General Ledger (USSGL), File Inventory Control System (FICS) and associated interfaces. It also provides the analysis and reporting capabilities for USSOCOM and the TI97 agency customers. The DCD/DCW integrates applications to enable information sharing and it forms the single, unified, standard, FFMIA-compliant environment. The DCD/DCW provides a central data source and enables communications among existing and future finance and accounting systems using standard file transfer protocols and interfaces. The DCD/DCW is not envisioned as a "system" in the traditional sense, but rather as an "enabling" service that provides a corporate core component of the enterprise. The DCD/DCW provides an interoperability mechanism to standardize and share financial information. Neither the CEFT nor the FIS applications were possible prior to the DFAS development of a centralized database / warehouse. The funds support Bearing Point contract (BP provides functional support of the program management office), systems development work (and core support) provided by the TSO (at Columbus, Indianapolis, and Kansas City), and system testing provided by the TSO (in Pensacola).

The Computerized Accounts Payable System (CAPS) provides a standard installation and center level vendor pay system. It automates vendor pay processes and interfaces with DoD standard procurement, disbursing and accounting systems. The funds support functionality to process foreign currency payments and Army Material Commands accounting lines and to provide enhanced Electronic Data Interchange (EDI) entry capabilities. The software changes will enable the migration of contracts from CAPS Clipper to CAPS Windows.   In addition, the changes will automate the matching and storage of EDI invoices and receiving reports separately, eliminating a CAPS design limitation. Other changes include updating current EDI user defined files to comply with the regulations

Transportation Global Edit table (TGET) is a new system that is predominate in the Automated Commercial Payments & Accounting Initiative under the MRM #15, supported by OSD, USTRANSCOM, and DFAS. TGET has been designated by OSD, Transportation policy, as the sole repository for lines-of-accounting (LOA) and Transportation Account Codes (TACs) for downloads to all Service shipping systems for freight and personal property moves bill of lading generation for

payment. The funding supports specific customer requirements for further development of detailed edit tables to meet various DFAS accounting system edits and methodology for relating data records internally.

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DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2005

($000)

Projection on the DFAS Fiscal Year (FY) 2006-FY 2007 Budget Estimates

Equipment except ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2005 None					

Equipment - ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2005	Enterprise LAN	9,560.0	0.0	9,560.0	9,560.0
FY 2005	PBX - Telephone System	723.0	0.0	723.0	723.0
FY 2005	System Security	2,000.0	0.0	2,000.0	2,000.0
FY 2005	Imaging Program	1,130.0	0.0	1,130.0	1,130.0
FY 2005	Office Automation (Printer)	528.0	0.0	528.0	528.0
FY 2005	Transportation Global Edit Table	175.0	0.0	175.0	175.0
	TOTAL	14,116.0	0.0	14,116.0	14,116.0

The Enterprise Local Area Network (ELAN) is the digital communications infrastructure that inter-connects all DFAS sites around the world. The ELAN is the medium that carries all the E-mail to internal and external users, provides DFAS employees with connectivity to accounting and pay systems, allows DFAS customers visibility to their respective information, and enables the distributed DFAS entity to work towards the same vision and goals. The funds will be used for Technical refreshment for the Backbone, file servers, and Storage Area Network.

The Private Branch Exchange (PBX) funding support the acquisition for a lease to own option which will end in FY 2006.

Security: The purpose of the security initiative is to protect the DFAS communications and computing infrastructure assets on the DFAS Enterprise Local Area Network from internal and external threats manifested as unauthorized access attempts, electronic viruses, hacks, cracks, or automated scripts. This is accomplished using firewalls, email guards, network encryption technology, intrusion detection systems and other security related equipment. Government and contracted expertise monitor

and manipulate this equipment to ensure the DFAS ELAN is a safe computing environment. The funds will be used to support the automated intrusion detection capability.

The Garnishment Electronic Document Management (EDM) Program system is the key to a paperless Garnishments operation and a main component of our Business Process Reengineering (BPR) plan. In addition, the Garnishment EDM system contributes to excellence in customer service by providing our customer service representatives and paralegal staff with readily available access to legal documents.

For the printers, the funds will be used for the lease payments on contract number MDA230-03-P-0038 for the four Eaglevision laser check printers used by Disbursing, DFAS-Columbus and DFAS-Indianapolis.

Transportation Global Edit table (TGET) is a new system that is predominate in the Automated Commercial Payments & Accounting Initiative under the MRM #15, supported by OSD, United States Transportation Command (USTRANSCOM), and DFAS. TGET has been designated by OSD, Transportation policy, as the sole repository for lines-of-accounting (LOA) and Transportation Account Codes (TACs) for downloads to all Service shipping systems for freight and personal property moves bill of lading generation for payment. The funds are to purchase equipment & software to support 3,000 new users and to increase system processing speed, and memory capacity.

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2005		927.0	0.0	927.0	927.0

The Minor Construction program will support installing exterior light at the DFAS – Orlando facility to provide more security in the shadowed areas around the building. Also, the facility at DFAS – Pensacola, has overcrowding, safely and security issues that require attention.

Software Development and Modification (SW DEVMOD)
1. Accounting Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2005	Business Management Redesign/e-Biz	250.0	0.0	250.0	250.0
FY 2005	Defense Industrial Financial Management System	1,000.0	0.0	1,000.0	1,000.0
FY 2005	Program and Budget Accounting System - Funds Distribution	500.0	0.0	500.0	500.0
FY 2005	Defense Working Capital Accounting System	976.0	0.0	976.0	976.0
FY 2005	Defense Cash Accounting System	5,467.0	0.0	5,467.0	5,467.0
FY 2005	Defense Departmental Reporting System	800.0	0.0	800.0	800.0
FY 2005	General Accounting & Finance System - Reengr	1,425.0	0.0	1,425.0	1,425.0
FY 2005	Standard Accounting & Reporting System	2,500.0	0.0	2,500.0	2,500.0
FY 2005	Standard Accounting Budgeting & Reporting System	300.0	0.0	300.0	300.0
FY 2005	Operational Data Store	1,300.0	0.0	1,300.0	1,300.0
	TOTAL	14,518.0	0.0	14,518.0	14,518.0

The e-Biz/Business Management – Redesign (BMR) application is a Commercial-off-the-Shelf (COTS) web-based application that provides DFAS with enterprise financial management and resource planning capabilities. The funds will be used for application sustainment operations as well as development of selected, Configuration Control Board approved software changes

The Defense Industrial Financial Management System (DIFMS) is a Chief Financial Officer (CFO) Act compliant accounting system that enables its customers to produce auditable financial statements. The system provides Core Financial Systems Management, Financial Reporting, Funds Control, General Ledger Management, Receipts Management, Payments Management, and Cost Management functions to its customer activities. The funding is required for software change requests mandated by changes in DoD financial management policy and guidelines.

The Program and Budget Accounting System (PBAS) is the only standard system, that records the receipt and distribution of financial resources appropriated for and/or administered by the Departments of the Army, Navy, and Defense. The funding was requested for mandatory changes.

Defense Working Capital Accounting System (DWAS) is a fully integrated Working Capital Fund (WCF) and General Fund (GF) financial management system supporting accounting functions for the Information Services Activity Group (ISAG) Air Force, the Defense Automation and Production Service (DAPS), the Defense National Stockpile Center (DNSC), the Naval Facilities Engineering Service Center (NFESC), and the Naval Public Works Centers (PWCs) business areas. DWAS consists of several functional modules including: general ledger, funds distribution, fixed assets, cost accounting, accounts payables, accounts receivables, billing, contract sales, inventory, and reports. DWAS is a

transaction driven, fully compliant accounting system that reports in accordance with US Standard General Ledger. The funds are for legislative, regulatory, and changes geared towards receiving a clean audit opinion in FY07.

Defense Cash Accountability and Reporting System (DCAS) is the migration system selected by the Defense Finance and Accounting Service (DFAS) to be the single cash accountability system for the Department of Defense (DoD). DCAS will meet the need to re-engineer and consolidate multiple disparate systems into a single DoD cash accountability and reporting process supporting all DoD components, as well as external stakeholders. Cash accountability is the reporting of disbursements, reimbursements, deposits and receipts to the United States Treasury, as well as all other transactions which would impact the status of funds.   The funds will support added functionality for yearend reporting, closed account appropriation adjustments, and interfund transactions for Phase 2. It will also support the implementation of DCAS Phase 3, which includes the reconciliation of Treasury expenditure data with accounting system data and the elimination of Financial Reporting System in the DFAS Cleveland and DFAS Kansas City networks.

Defense Debt Management System (DDRS) standardizes the departmental reporting process for all DoD Fund Types. This modern web-based system is used to produce the DoD Audited Financial Statements and budgetary reports, provide data query and report generation tools, eliminate the need for manual reconciliation, and operate within the DFAS Corporate Information Infrastructure environment (DCII).   The FY 2005 funds will be used to update DDRS Audited Financial Statement (AFS) / Federal Agencies' Centralized Trial-Balance System (FACTS I) annual reporting and implement budgetary reporting functionality for: Defense Working Capital Fund (DWCF) reporting for the Air Force, selected DoD Agencies; and Navy and Marine Corps General Fund Reporting.

General Accounting and Finance System-Reengineered (GAFS-R) is the Defense Finance Accounting Service (DFAS) interim migratory Air Force accounting system to support the corporate Accounting business line and will ultimately be replaced by the Air Force Enterprise Resource Planning (ERP). GAFS-R is a phased project and is currently in sustainment mode. The funds will be used for application sustainment operations as well as development of selected, Configuration Control Board approved software changes

Standard Accounting and Reporting System (STARS) is a general fund accounting and reporting system that accounts for more than $750 billion in Navy, Marine Corps, Air Force and Defense Agencies' direct and reimbursable funds appropriated by Congress. The receipt and use of these funds are recorded at the detail transaction level through structured successive steps (i.e. authorizations, commitments, obligations, payables, and expenditures). The detail transactions create the USSGL general ledger balances from which Trial Balance reports at the Line of Accounting level create Major Command, Departmental, Audited Financial Statements and other financial fiduciary reports (i.e. SF 133, DD 1002, FMS 2108). STARS currently supports 58 individual Appropriations. The funds will provide resources to implement system changes that help the Department of Navy obtain an unqualified audit opinion by 2007. The initiatives are part of the Department of Navy's Mid-Range Financial Improvement Plan and are targeted to enhance system reporting of property, accounts receivable, advances, and budget execution for better financial management.

The Standard Accounting, Budgeting and Reporting System (SABRS) has been enhanced to provide full accounting support for all Marine Corps general funds at installation/intermediate command levels and support of departmental level accounting/reporting processes in compliance with Federal Financial Management Requirements (FFMRs). The funds are required for legislative and other regulatory changes.

Operational Data Storage (ODS) is an Oracle based system operating on a UNIX Operating System on a mid-tier platform at Defense Enterprise Computing Center located at Rock Island (DECC-RI). ODS serves as a 'Traffic Cop' and a 'Central Repository of Data.' ODS is a 'Traffic Cop' in that it directs data between various automated systems; and a 'Central Repository of Data' in that it stores financial transactions and makes them available via Army Shared Knowledge – Financial Management (ASK-FM), a web based business intelligence tool, to the DFAS and Army financial community. In addition, the Navy, Air Force, and Defense Agencies financial communities use ODS's financial data in the areas of Foreign Military Sales (FMS), cross-disbursing, and general accounting. The funds will support the integration of all Army legacy systems and provide the Army with ASK-FM, a web based business intelligence tool.

3. Disbursing Systems Migration Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2005	Deployable Disbursing System	1,927.0	0.0	1,927.0	1,927.0
	TOTAL	1,927.0	0.0	1,927.0	1,927.0

Deployable Disbursing System (DDS) provides a capability to Army finance soldiers in support of our nation's warfighters. It supports the President's Management Agenda goal of improved financial performance by providing more accurate and timely accounting information from contingency operations such as Iraqi Freedom and the Balkans. It is a completely integrated disbursing system and complies with DoDFMR, Volume 5. DDS's versatility is provided by its ability to be used in any computer configuration the user desires: network, stand-alone or laptop. DDS will replace Disbursing Office Processing System (DOPS) in non-U.S. garrison environments, but unlike DOPS, can be deployed to a tactical environment with or without connectivity. The system supports single-source input, maintains a Disbursing Officer's accountability and produces level 8 Treasury reports. The funds are required complete baseline development and for implementation of the Deployable Disbursing System (DDS) at OCONUS and current tactical operational sites such as Iraqi Freedom and the Balkan operations. Funds are required to complete the implementation in Europe, Korea and in support of Iraqi Freedom (only the southern camps have been converted to date). Funds are also required to provide a needed technical upgrade to ensure Oracle is able to continue support in the future, and for several needed performance upgrades. Software upgrades are also required to provide enhancements discovered during the beginning phases of implementation. Finally, the Marine Corps would like work to begin on providing them the changes required to accommodate their accounting and military pay interfaces. They want to replace SRDI which they currently use.

4. Military and Civilian Pay Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
	MilPay Systems Transition Program				
FY 2005	Office	5,732.0	0.0	5,732.0	5,732.0
FY 2005	Forward Compatible Payroll	5,400.0	0.0	5,400.0	5,400.0
FY 2005	Employee/Member Self Service System	1,250.0	0.0	1,250.0	1,250.0
	Defense Joint Military Pay System -				
FY 2005	Active	4,138.0	0.0	4,138.0	4,138.0
	Defense Joint Military Pay System -				
FY 2005	Reserve	2,276.0	0.0	2,276.0	2,276.0
FY 2005	Marine Corp Total Force System	5,291.0	0.0	5,291.0	5,291.0
FY 2005	Defense Retiree & Annuitant Pay System	1,858.0	0.0	1,858.0	1,858.0
	TOTAL	25,945.0	0.0	25,945.0	25,945.0

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    The MilPay Systems Transition Program (MSTP) and related program office (MSTPO) was chartered (originally as the Defense Integrated Military Human Resources System (DIMHRS) for Personnel and Pay (Pers/Pay) Pay Program (DPP)) to provide dedicated support to the design, development, and implementation of the DIMHRS (Pers/Pay) pay functionality. Since October 1999, the DFAS MSTPO staff has supported extensive Joint Requirements and Integration Office (JR&IO) requirements analysis and review. In addition, the MSTP has supported the DIMHRS Joint Program Management Office (JPMO) Integrated Process Teams (IPT) addressing business rules, data mapping, reports and interfaces, training, testing, logistics, deployment, and cost analysis. The MSTP will be required to provide this type of functional and technical expertise to the DIMHRS program through full operating capability (FOC) currently scheduled for FY2008. As an adjunct to DFAS support to DIMHRS, the MSTP also includes the development of a Pay Warehouse. In the interim, the Pay Warehouse will support interfaces, reporting and query capabilities for Forward Compatible Payroll (FCP) until DIMHRS (Pers/Pay) is deployed. The funds will provide continued support to the DIMHRS (Pers/Pay) engineering staff and Developer/Implementer (D/I) contractor in the detailed design and development of the system. In addition, DFAS will provide large scale systems integration engineering experience to fully develop and integrate PeopleSoft$_®$ and Business Rules Engine (BRE) applications to meet DoD military pay requirements and ensure seamless interfaces with selected GOTS software and DFAS corporate data structures. FY2005 funds will also be used for completion of development and implementation of the Pay Warehouse to support deployment of the Forward Compatible Payroll (FCP) system.

    The DFAS Forward Compatible Payroll (FCP) initiative will design, develop and implement a new single integrated active/reserve payroll capability that replaces the Defense Joint Military Pay System (DJMS). FCP will address the urgent military payroll problems that are generated by the aging DJMS system. FCP will implement payroll modernization while supporting the overall DoD objective of establishing an integrated military personnel and pay system and will be made available to the DIMHRS Joint Program Management Office as Government Furnished Equipment for potential seamless integration into the DIMHRS architecture. The funding will support continued engineering resources (government and contract) to complete the development and test of the FCP system.

Information processing services will also be required as well as the acquisition of operational software licenses.

The MyPay initiative supports the Government's Paperwork Elimination Act of 1999 by providing a web base software application to introduce electronic commerce to the Military and Civilian employees of the DoD. Government employees and the Warfighters of our Army, Navy, Air Force and Marine Corps receive financial statements, like Leave and Earning Statements, (LES) or advice of travel payment, through the Internet via this web application. MyPay is a great new tool to empower the members of America's military, Defense civilians, retirees and annuitants manage their pay. The self-service web-based tool lets people make changes to their pay account information online, from anywhere at anytime through the Internet. MyPay delivers Leave and Earning Statements two days before printed copies are mailed, and, most importantly MyPay delivers the information people want when they want it because it is available on the Web anywhere, at anytime. The funds will be used in according to FASAB #10 guidance to fulfill system change requirements.

The Defense Joint Military Pay System is the standard Department of Defense military pay system for Active and Reserve Components for the Army, Navy and Air Force military services. The system uses a standard software for teleprocessing, communications and electronic data processing equipment to generate, edit, transmit, process and produce data related products to pay Active and Reserve Component members in the Air Force, Army and Navy. The system maintains pay and leave entitlement records, deductions and withholdings and other pertinent data. The funds will be use to fund legislative, regulatory, DoD and state mandated changes.

The Marine Corps Total Force System, jointly sponsored and owned by DFAS and the USMC, is an integrated pay and personnel system. It supports both Active and Reserve components of the Marine Corps, and the personnel management of all retired Marines. The central database is maintained by the Financial System Activity in Kansas City, Missouri. The system is used during peacetime, wartime, and in times of crisis. It supports worldwide deployments and contingencies for a seamless mobilization of Reserves—both individual and unit. MCTFS is a legacy system operating in sustainment mode and scheduled for replacement by DIMHRS in September 2008. The funds will be used to fund legislative, regulatory, DoD and state mandatory changes.

The Defense Retiree and Annuitant System (DRAS) is the standard, consolidated system for paying all Army, Navy, Marine Corps and Air Force military retirees, annuitants and former spouses. Additional subsystems of DRAS include Voluntary Separation Incentive (VSI), Victims of Abuse (VOA), Combat Related Special Compensation (CRSC), Concurrent Retirement and Disability Payments (CRDP) and Special Compensation for the Severely Disabled (SCSD). DRAS establishes, maintains and adjudicates pay accounts. The funds will be used according to FASAB #10 guidance to fulfill system change requirements.

5. Other Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2005	Automated Time Attendance & Production System	991.0	0.0	991.0	991.0
FY 2005	Defense Debt Mgmt System	720.0	0.0	720.0	720.0
FY 2005	Imaging-Civilian Garnishments	200.0	0.0	200.0	200.0
FY 2005	Computerized Accounting Pay System	502.0	0.0	502.0	502.0
FY 2005	Transportation Gobal Edit Table	125.0	0.0	125.0	125.0
FY 2005	Electronic Commerce/Electronic Data Interchange	633.0	0.0	633.0	633.0
FY 2005	DFAS Corporate Database and Warehouse	1,325.0	0.0	1,325.0	1,325.0
	TOTAL	4,496.0	0.0	4,496.0	4,496.0

The Automated Time Attendance and Production Systems (ATAAPS) provides an automated, single-source input for reporting, and collecting time and attendance (T&A), labor data and for passing that information to interfacing payroll and accounting systems. The TSO Pensacola is responsible for development and maintenance. There are two versions of ATAAPS. One-version uses a character based interface in a mainframe environment and the other uses a Graphical User Interface in a client/server environment with frequently used portions of the application available in a Web enabled environment. The funds will be used to make legislative, regulatory, and policy based changes that increase the functionality of the application. Capital investment funds are used according to FASAB #10 guidance to fulfill system change requirements.

Defense Debt Management System (DDMS) is an on-line debt management system designed and developed to maintain, control, and report on DoD individual out-of-service military entitlement and delinquent debt. The DDMS system has been consolidated for collection for all DoD service debts of this type. The funds will be used according to FASAB #10 guidance to fulfill system change requirements.

The Imaging – Civilian Garnishment (I-GARN) System is an Electronic Document Management System vital essential to the processing of garnishments cases. Legal documents are scanned into the I-GARN then sorted and distributed to the Paralegal staff for processing to the Integrated Garnishment System. When the I-GARNS is down, it inhibits the entire garnishment operation. This initiative provides support for sustainment of the I-GARN System.

The I-GARN System equipment is at the end of its useful life cycle and is being replaced. The new equipment will require software development to integrate the new equipment into Garnishment Operations. Original requirements submitted for FY04 identified both a hardware and software

requirement for capital funds. The funds will be used to meet regulatory and policy driven changes to the I-GARN system according to FASAB #10.

The Computerized Accounts Payable System (CAPS) provides a standard installation and center level vendor pay system. It automates vendor pay processes and interfaces with DoD standard procurement, disbursing and accounting systems. The funds will support functionality to process foreign currency payments and Army Material Commands accounting lines and to provide enhanced Electronic Data Interchange (EDI) entry capabilities. The software changes will enable the migration of contracts from CAPS Clipper to CAPS Window as well as the changes will automate the matching and storage of EDI invoices and receiving reports separately, eliminating a CAPS design limitation. Other changes include updating current EDI user defined files to comply with the regulations.

Transportation Global Edit table (TGET) is a new system that is predominate in the Automated Commercial Payments & Accounting Initiative under the MRM #15, supported by OSD, USTRANSCOM, and DFAS. TGET has been designated by OSD, Transportation policy, as the sole repository for lines-of-accounting (LOA) and Transportation Account Codes (TACs) for downloads to all Service shipping systems for freight and personal property moves bill of lading generation for payment. The funds support automating upload file capability from DFAS accounting systems, and additional shipper system interface requirements per Service requirements, and external messaging and necessary customer report generation.

Electronic Commerce / Electronic Data Interchange (EC/EDI) is a communication method that enables systems to share information. DOD has aggressively implemented EC/EDI solutions to reduce government's burden on the taxpayer and businesses by eliminating redundant collection of data and better leveraging E-Business technologies for communication. EC/EDI encompasses the development and implementation of electronic commerce solutions wherever feasible to improve business processes. The funds will be used for mapping mapping to additional accounting systems and changes to existing maps to support EC paperless initiative and/or emerging technologies (XML) as well as support additional mapping to other accounting systems to handle new WAWF functionality.

DFAS Corporate Database (DCD) / DFAS Corporate Warehouse (DCW) provides DFAS and DoD with an effective and efficient financial management environment for financial information through a centralized database / warehouse that captures data, ensures its integrity, and supports on line analytical processing, information storage, and retrieval. The funds will Bearing Point (BP) contract (BP will provide functional and sustainment support of the program management office), systems development and sustainment work (and core support) provided by the TSO, and system testing provided by the TSO in Pensacola.

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DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2006

($000)

Projection on the DFAS Fiscal Year (FY) 2006-FY 2007 Budget Estimates

Equipment except ADPE and TELECOM

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2006	Security	1,140.0	0.0	1,140.0	1,140.0
FY 2006	Imaging Program	1,130.0	0.0	1,130.0	1,130.0
FY 2006	PBX	0.0	723.0	723.0	723.0
FY 2006	ELAN	13,333.0	0.0	13,333.0	13,333.0
	TOTAL	15,603.0	723.0	16,326.0	16,326.0

Security: The purpose of the security initiative is to protect the DFAS communications and computing infrastructure assets on the DFAS Enterprise Local Area Network from internal and external threats manifested as unauthorized access attempts, electronic viruses, hacks, cracks, or automated scripts. This is accomplished using firewalls, email guards, network encryption technology, intrusion detection systems and other security related equipment. Government and contracted expertise monitor and manipulate this equipment to ensure the DFAS ELAN is a safe computing environment. The funds will support the Global DNS Management Server, Enterprise Vulnerability Scanning Capability, and Encryption Redundancy.

The Garnishment Electronic Document Management (EDM) Program system is the key to a paperless Garnishments operation and a main component of our Business Process Reengineering (BPR) plan. In addition, the Garnishment EDM system contributes to excellence in customer service by providing our customer service representatives and paralegal staff with readily available access to legal documents.

The Private Branch Exchange (PBX) funding support the acquisition for a lease to own option which will end in FY 2006.

Enterprise Local Area Network System (ELAN) is the digital communications infrastructure that inter-connects all DFAS sites around the world. The ELAN is the medium that carries all the E-mail to internal and external users, provides DFAS employees with connectivity to accounting and pay systems, allows DFAS customers visibility to their respective information, and enables the distributed DFAS entity to work towards the same vision and goals. & Storage Area Network. The funds will be used to support technical refreshment of the Routing Equipment, Backbone, File Servers, Mid Tier/Web Prod Environment, Web Servers, Storage Area Network. Also, the funds increased due to the reprogramming

of information services (5F) technical refreshment of Mid-Tier Development environment to financial operations (5L).

Minor Construction

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2006	Minor Construction	704.0	0.0	704.0	704.0

The Minor Construction program will support unknown impacts of BRAC

Software Development and Modification (SW DEVMOD)

1. Accounting Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2006	Business Management Redesign/e-Biz	250.0	0.0	250.0	250.0
FY 2006	Defense Industrial Financial Mgmt System	1,000.0	0.0	1,000.0	1,000.0
FY 2006	Defense Working Capital Accounting System	889.4	-389.4	500.0	500.0
FY 2006	Defense Cash Accounting System	5,452.5	0.0	5,452.5	5,452.5
FY 2006	Defense Departmental Reporting System	800.0	829.5	1,629.5	1,629.5
FY 2006	General Accounting & Finance System - Reengr	1,474.6	-1,474.6	0.0	0.0
FY 2006	Standard Accounting & Reporting System	3,000.0	0.0	3,000.0	3,000.0
FY 2006	Standard Accounting Budgeting & Reporting Sys	300.0	-300.0	0.0	0.0
FY 2006	Program & Budget Accounting System-Fund Dist	500.0	-500.0	0.0	0.0
FY 2006	Operational Data Store	1,300.0	0.0	1,300.0	1,300.0
	TOTAL	14,966.5	-1,834.5	13,132.0	13,132.0

The e-Biz/Business Management Redesign (BMR) application is a Commercial-off-the-Shelf (COTS) web-based application that provides DFAS with enterprise financial management and resource planning capabilities. The application offers extensive functionality to record financial planning and purchasing events as well as timekeeping, accounts receivable and payable, disbursement, manpower, and budgeting activities. The funds will be used for application sustainment operations as well as development of selected, Configuration Control Board approved software changes.

The Defense Industrial Financial Management System (DIFMS) is a Chief Financial Officer (CFO) Act compliant accounting system that enables its customers to produce auditable financial statements. The funds are required for software change requests mandated by changes in DoD financial management policy and guidelines.

Defense Working Capital Accounting System (DWAS) is a fully integrated Working Capital Fund (WCF) and General Fund (GF) financial management system supporting accounting functions for the Information Services Activity Group (ISAG) Air Force, the Defense Automation and Production Service (DAPS), the Defense National Stockpile Center (DNSC), the Naval Facilities Engineering Service Center (NFESC), and the Naval Public Works Centers (PWCs) business areas. DWAS consists of several functional modules including: general ledger, funds distribution, fixed assets, cost accounting, accounts payables, accounts receivables, billing, contract sales, inventory, and reports. DWAS is a transaction driven, fully compliant accounting system that reports in accordance with US Standard General Ledger. The funding is required for legislative, regulatory, and changes geared towards receiving a clean audit opinion in FY07.

Defense Cash Accountability and Reporting System (DCAS) is the migration system selected by the Defense Finance and Accounting Service (DFAS) to be the single cash accountability system for the Department of Defense (DoD). DCAS will meet the need to re-engineer and consolidate multiple

disparate systems into a single DoD cash accountability and reporting process supporting all DoD components, as well as external stakeholders. Cash accountability is the reporting of disbursements, reimbursements, deposits and receipts to the United States Treasury, as well as all other transactions which would impact the status of funds. The funds will support added functionality for yearend reporting, closed account appropriation adjustments, and interfund transactions for Phase 2. It will also support the implementation of DCAS Phase 3, which includes the reconciliation of Treasury expenditure data with accounting system data and the elimination of Financial Reporting System in the DFAS Cleveland and DFAS Kansas City networks.

Defense Departmental Reporting System (DDRS) standardizes the departmental reporting process for all DoD Fund Types. This modern web-based system is used to produce the DoD Audited Financial Statements and budgetary reports, provide data query and report generation tools, eliminate the need for manual reconciliation, and operate within the DFAS Corporate Information Infrastructure environment (DCII). The funds will be used to update DDRS AFS/FACTS I annual reporting, deploy Army DWCF and select DoD Agencies General Fund reporting, and to achieve Full Rate Production approval.

General Accounting and Finance System-Reengineered (GAFS-R) is the Defense Finance Accounting Service (DFAS) interim migratory Air Force accounting system to support the corporate Accounting business line and will ultimately be replaced by the Air Force Enterprise Resource Planning (ERP). GAFS-R is entering an Operation & Sustainment mode starting in FY2005 and will not require Capital Funds thereafter.

Standard Accounting and Reporting System (STARS) is a general fund accounting and reporting system that accounts for more than $750 billion in Navy, Marine Corps, Air Force and Defense Agencies' direct and reimbursable funds appropriated by Congress. The receipt and use of these funds are recorded at the detail transaction level through structured successive steps (i.e. authorizations, commitments, obligations, payables, and expenditures). The detail transactions create the USSGL general ledger balances from which Trial Balance reports at the Line of Accounting level create Major Command, Departmental, Audited Financial Statements and other financial fiduciary reports (i.e. SF 133, DD 1002, FMS 2108). STARS currently supports 58 individual Appropriations. The funds will provide resources to implement system changes that help the Department of Navy obtain an unqualified audit opinion by 2007.

The Standard Accounting, Budgeting and Reporting System (SABRS) has been enhanced to provide full accounting support for all Marine Corps general funds at installation/intermediate command levels and support of departmental level accounting/reporting processes in compliance with Federal Financial Management Requirements (FFMRs). The funds will be used for legislative and other regulatory changes.

The Program and Budget Accounting System (PBAS) is the only standard system that records the receipt and distribution of financial resources appropriated for and/or administered by the Departments of the Army, Navy, and Defense. PBAS-FD is targeted by BMMP for replacement, is accordingly funded as a legacy system, and does not require capital funding.

Operational Data Storage (ODS) is an Oracle based system operating on a UNIX Operating System on a mid-tier platform at Defense Enterprise Computing Center located at Rock Island (DECC-RI). ODS serves as a 'Traffic Cop' and a 'Central Repository of Data.' ODS is a 'Traffic Cop' in that it directs data between various automated systems; and a 'Central Repository of Data' in that it stores financial transactions and makes them available via ASK-FM, a web based business intelligence tool, to the DFAS and Army financial community. In addition, the Navy, Air Force, and Defense Agencies financial communities use ODS's financial data in the areas of Foreign Military Sales (FMS), cross-disbursing, and general accounting.

The funds will support the integration of all Army legacy systems and provide the Army with ASK-FM, a web based business intelligence tool.

3. Disbursing Systems Migration Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2006	Deployable Disbursing System	1,000.0	163.1	1,163.1	1,163.1
	TOTAL	1,000.0	163.1	1,163.1	1,163.1

Deployable Disbursing System (DDS) provides a capability to Army finance soldiers in support of our nation's warfighters. It supports the President's Management Agenda goal of improved financial performance by providing more accurate and timely accounting information from contingency operations such as Iraqi Freedom and the Balkans. The funds support a list of functional enhancements has been gathered during implementation. These requirements are customer driven and will provide streamlined processing and better usability for relatively inexperienced users. These requirements will be reviewed and approval through the Configuration Control Board (CCB) process. The change is due to anticipated rate increases for TSO support.

4. Military and Civilian Pay Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2006	MilPay Sysems Transition Program	4,991.9	79.0	5,070.9	5,070.9
FY 2006	Employee/Member Self Service System (MyPay)	2,000.0	0.0	2,000.0	2,000.0
FY 2006	Marine Corps Total Force Syste	0.0	5,230.1	5,230.1	5,230.1
FY 2006	Defense Military Office	2,047.9	0.0	2,047.9	2,047.9
FY 2006	Forward Compatible Payroll	4,558.9	0.0	4,558.9	4,558.9
FY 2006	Defense Retiree & Annuitant Pa	10,344.0	-26.3	10,317.7	10,317.7
	TOTAL	23,942.7	5,282.8	29,225.5	29,225.5

The MilPay Systems Transition Program (MSTP) and related program office (MSTPO) was chartered (originally as the Defense Integrated Military Human Resources System (DIMHRS) for Personnel and Pay (Pers/Pay) Pay Program (DPP)) to provide dedicated support to the design, development, and implementation of the DIMHRS (Pers/Pay) pay functionality. Since October 1999, the DFAS MSTPO staff has supported extensive Joint Requirements and Integration Office (JR&IO) requirements analysis and review. In addition, the MSTP has supported the DIMHRS Joint Program Management Office (JPMO) Integrated Process Teams (IPT) addressing business rules, data mapping, reports and interfaces, training, testing, logistics, deployment, and cost analysis. The MSTP will be required to provide this type of functional and technical expertise to the DIMHRS program through full operating capability (FOC) currently scheduled for FY2008. As an adjunct to DFAS support to

DIMHRS, the MSTP also includes the development of a Pay Warehouse. In the interim, the Pay Warehouse will support interfaces, reporting and query capabilities for Forward Compatible Payroll (FCP) until DIMHRS (Pers/Pay) is deployed. The funds will be used to continue the engineering and technical support of the DIMHRS (Pers/Pay) program as the initiative transitions to full development and test. Technical expertise will be required to formulate a detailed and accurate definition and specification of DADI requirements to ensure integration of DIMHRS payroll functionality with DFAS payroll management and accountability requirements.

The MyPay initiative supports the Government's Paperwork Elimination Act of 1999 by providing a web base software application to introduce electronic commerce to the Military and Civilian employees of the DoD. Government employees and the Warfighters of our Army, Navy, Air Force and Marine Corps receive financial statements, like Leave and Earning Statements, (LES) or advice of travel payment, through the Internet via this web application. MyPay is a great new tool to empower the members of America's military, Defense civilians, retirees and annuitants manage their pay. The self-service web-based tool lets people make changes to their pay account information online, from anywhere at anytime through the Internet. MyPay delivers Leave and Earning Statements two days before printed copies are mailed, and, most importantly MyPay delivers the information people want when they want it because it is available on the Web anywhere, at anytime. The funding will be used according to FASAB #10 guidance to fulfill system change requirements.

The Marine Corps Total Force System, jointly sponsored and owned by DFAS and the USMC, is an integrated pay and personnel system. It supports both Active and Reserve components of the Marine Corps, and the personnel management of all retired Marines. The central database is maintained by the Financial System Activity in Kansas City, Missouri. The system is used during peacetime, wartime, and in times of crisis. It supports worldwide deployments and contingencies for a seamless mobilization of Reserves—both individual and unit. Reprogramming in FY 2006 was necessary because the planned replacement of MCTFS in FY07 was rescheduled to September of FY08. The funds will be use to fund legislative, regulatory, DoD and state mandatory changes.

The Defense MilPay Office (DMO) is a Defense Finance and Accounting Service (DFAS) pay application, using modern technology with the user in mind. The system was developed to provide a standard software suite for input of pay transactions, inquiry capability, reports and query features, feedback, pay products and a field-level MilPay financial module. These features support maintenance of military pay accounts and processing of pay transactions from all components of the Army, Navy and Air Force into the Defense Joint Military Pay System (DJMS). The DMO application provides the following features: Easy to use Windows 'Look and Feel'; Simple Pull-Down Menus and Tool Bars; Plain English Pay Actions; Pre-filled Screens; Easy to Follow Instructions; Comprehensive Help System; Reduces Duplicate Transactions; Easy Access to Other DJMS Information Systems; Easy Transmission of Data; and Reduces Training Requirements. The funds will facilitate implementation of legislated and mandated changes to the functional capabilities of the DMO system until DMO is fully integrated into the FCP fully operational system.

The DFAS Forward Compatible Payroll (FCP) initiative will design, develop and implement a new single integrated active/reserve payroll capability that replaces the Defense Joint Military Pay System (DJMS). FCP will address the urgent military payroll problems that are generated by the aging DJMS system. FCP will implement payroll modernization while supporting the overall DoD objective of establishing an integrated military personnel and pay system and will be made available to the

DIMHRS Joint Program Management Office as Government Furnished Equipment for potential seamless integration into the DIMHRS architecture. The funds will be utilized to implement functional changes to the operational system as legislated by Congress or mandated by the Department or Services.

The Defense Retiree and Annuitant System (DRAS) is the standard, consolidated system for paying all Army, Navy, Marine Corps and Air Force military retirees, annuitants and former spouses. Additional subsystems of DRAS include Voluntary Separation Incentive (VSI), Victims of Abuse (VOA), Combat Related Special Compensation (CRSC), Concurrent Retirement and Disability Payments (CRDP) and Special Compensation for the Severely Disabled (SCSD). DRAS establishes, maintains and adjudicates pay accounts. The funds will be used according to FASAB #10 guidance to fulfill system change requirements.

5. Other Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2006	Integrated Accounts Payable System	0.0	467.0	467.0	467.0
FY 2006	Automated Time Attendance	1,833.8	-843.0	990.8	990.8
FY 2006	Standard Contract Reconciliation Tool	0.0	350.0	350.0	350.0
FY 2006	Defense Debt Mgmt System	720.0	-35.0	685.0	685.0
FY 2006	Garnishment Support System	450.0	0.0	450.0	450.0
FY 2006	Global Edit Table	0.0	375.0	375.0	375.0
FY 2006	Imaging - Civilian Garnishments	200.0	0.0	200.0	200.0
FY 2006	Electronic Commerce/Electronic Data Interchange	530.0	0.0	530.0	530.0
FY 2006	DFAS Corporate Database and Warehouse	1,346.0	-829.5	516.5	516.5
	TOTAL	5,079.8	-515.5	4,564.3	4,564.3

The Integrated Accounts Payable System (IAPS) is the DFAS standard vendor pay entitlement system for the United States Air Force, Air National Guard, National Imaging and Mapping Agency, and the Defense Security Service. The funds support the Database Expansion and Restructure (DEAR) functionality as well as the electronic receipt of invoices and receipts. Software modifications will provide the logic and required processes to archive and purge old data from an active database to storage mediums and accomplish End of Year processing requirements. In addition, the increased functionality will support an automated reject/recycle capability allowing rejected electronic transactions to be recycled back into a subsequent IAPS update without manual intervention.

The Automated Time Attendance and Production Systems (ATAAPS) provides an automated, single-source input for reporting, and collecting time and attendance (T&A), labor data and for passing that information to interfacing payroll and accounting systems. The TSO Pensacola is responsible for development and maintenance. There are two versions of ATAAPS. One-version uses a character based interface in a mainframe environment and the other uses a Graphical User Interface in a client/server environment with frequently used portions of the application available in a Web enabled environment. The funds will be use to provide funding to TSO Pensacola for ATAAPS planning and other software development support.

The Standard Contract Reconciliation Tool (SCRT) is a comprehensive system that automates and streamlines the contract reconciliation process, including resulting adjustments to the entitlement and accounting systems, and provides the central registry of contracts being reconciled within DoD, eliminating potential duplication of reconciliation efforts. The funds will support modifications that will eliminate manual efforts by providing Responsible Contract Reconciliation Agents (RCRAs) access to the SCRT Prevalidation Module.   RCRAs will be able to approve canceled fund adjustments, as well as adjustments over $ 1 million. SCRT will generate notices to the accounting station RCRAs of awaiting adjustments and the RCRAs will input the needed approvals. Other modifications will provide a systemic feed of rejected adjustment transactions from MOCAS that will trigger SCRT to automatically set reject flags and reset the adjustment status to require review and correction prior to retransmission to MOCAS. Where necessary, reversing journal vouchers will be generated and transmitted to MOCAS.

Defense Debt Management System (DDMS) is an on-line debt management system designed and developed to maintain, control, and report on DoD individual out-of-service military entitlement and delinquent debt. The DDMS system has been consolidated for collection for all DoD service debts of this type. The funds will be used for legislative, regulatory, and policy based changes that increase the functionality of the application and to support system change requirements.

Garnishment Operations Directorate Garnishment (GARNS) System provides online processing of Alimony and Child Support garnishments cases for DoD Civilian and Military Personnel; Commercial Garnishments against civilian employees; Military Commercial Debt Involuntary Allotments; Chapter 13 Bankruptcies for Military Retirees and Active Duty Navy. The Integrated Garnishment System (IGS) is an automated system that guides the Paralegal staff through legal validation to process cases. This initiative provides support for sustainment of the GARNS at the minimum maintenance funding while providing funds for development and modification of GARNS consistent with DFAS Vision, Mission, and Strategic plan.
GARNS is a legacy system with no announced replacement. GARNS is in a steady state sustainment mode of operation. GARNS is required to make regulatory and policy based changes that increase the functionality of the application. The funds will be used according to FASAB #10 guidance to fulfill system change requirements.

Transportation Global Edit table (TGET) is a new system that is predominate in the Automated Commercial Payments & Accounting Initiative under the MRM #15, supported by OSD, USTRANSCOM, and DFAS. TGET has been designated by OSD, Transportation policy, as the sole repository for lines-of-accounting (LOA) and Transportation Account Codes (TACs) for downloads to all Service shipping systems for freight and personal property moves bill of lading generation for payment. FY06 - Software Dev Mod: Funding to provide new edit tables, additional validation functionality to meet Defense Travel guidelines, and Service specific interface requirements.

The Imaging Garnishment (I-GARN) System is an Electronic Document Management System vital essential to the processing of garnishments cases. Legal documents are scanned into the I-GARN then sorted and distributed to the Paralegal staff for processing to the Integrated Garnishment System. When the I-GARNS is down, it inhibits the entire garnishment operation. This initiative provides support for sustainment of the I-GARN System.   The funds will be used to meet regulatory and policy driven changes to the I-GARN system according to FASAB #10.

Electronic Commerce/Electronic Data Interchange (EC/EDI) is a communication method that enables systems to share information. DOD has aggressively implemented EC/EDI solutions to reduce government's burden on the taxpayer and businesses by eliminating redundant collection of data and better leveraging E-Business technologies for communication. EC/EDI encompasses the development and implementation of electronic commerce solutions wherever feasible to improve business processes. The funds will be used to maintain the EC/EDI and WAWF maps

The DFAS Corporate Database (DCD) / DFAS Corporate Warehouse (DCW) provides DFAS and DoD with an effective and efficient financial management environment for financial information through a centralized database / warehouse that captures data, ensures its integrity, and supports on line analytical processing, information storage, and retrieval. The funding will support system development and sustainment work (and core support) provided by the TSO, and system testing provided by the TSO in Pensacola. A reduction in Capital funding is based on a planned Milestone C Decision / Full Rate Production and Deployment in late FY 2004. A successful Milestone C decision will place the DCD/DCW into a sustainment mode (sustaining operations).

DEFENSE FINANCE AND ACCOUNTING SERVICE

ACTIVITY GROUP: DWCF

FY 2007

($000)

Projection on the DFAS Fiscal Year (FY) 2006-FY 2007 Budget Estimates

Equipment except ADPE and TELECOM

FY 2007	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007	Security	1,535.0	0.0	1,535.0	1,535.0
FY 2007	EDM - Imaging	1,130.0	0.0	1,130.0	1,130.0
FY 2007	Enterprise LAN System	13,331.0	462.0	13,793.0	13,793.0
	Total				

Security: The purpose of the security initiative is to protect the DFAS communications and computing infrastructure assets on the DFAS Enterprise Local Area Network from internal and external threats manifested as unauthorized access attempts, electronic viruses, hacks, cracks, or automated scripts. This is accomplished using firewalls, email guards, network encryption technology, intrusion detection systems and other security-related equipment. Government and contracted expertise monitor and manipulate this equipment to ensure the DFAS ELAN is a safe computing environment. The funds will be used to support the automated intrusion detection capability, Web Media Content Caching and Filtering.

The Electronic Document Management (EDM) Program is a comprehensive business process improvement initiative designed to enhance automation of paper processes. The EDM Program is intended to meet identified capability requirements to reduce dependence on paper through conversion of thousand of paper documents used in payment processing and associated data to an electronic format that can be accessed from a desktop workstation. EDM is utilized in support of payment entitlement processing within the Commercial Pay Business Line (CPBL). EDM is currently in production at multiple DFAS Vendor Pay locations with future deployments scheduled. It is in production for all Contract Pay Mechanization of Contract Administration Services (MOCAS) payment processing and has been utilized for transfers of three locations' workload to other sites within the EDM network. EDM provides users with electronic access to financial documents and information, advances the application of new methods and technologies, improves delivery of customer services, and ensures consistent implementation of business practices throughout DoD. The funding is to replace all backup servers as necessary to maintain supportability.

The Enterprise Local Area Network (ELAN) is the digital communications infrastructure that inter-connects all DFAS sites around the world. The ELAN is the medium that carries all the E-mail to internal and external users, provides DFAS employees with connectivity to accounting and pay systems, allows DFAS customers visibility to their respective information, and enables the distributed DFAS entity to work towards the same vision and goals. The funds will be used for technical refreshment for Routing Equipment, Backbone, File Servers, Mid Tier/Web Prod Environment, Web Servers, Storage

Area Network, and Tivoli File Servers. Also, the funds increased due to the planned reprogramming of information services (5F) Tech Refresh of Mid-Tier Dev Environment to financial operations (5L).

Minor Construction

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007	Minor Construction	1,427.0	0.0	1,427.0	1,427.0

Minor Construction program will support unknown impacts of BRAC.

Software Development and Modification (SW DEVMOD)

2. Accounting Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007	Business Management Redesign/e-Biz	250.0	0.0	250.0	250.0
FY 2007	Defense Industrial Financial Mgmt System	1,000.0	0.0	1,000.0	1,000.0
FY 2007	Defense Working Capital Accounting System	803.9	-303.9	500.0	500.0
FY 2007	Defense Cash Accounting System	500.0	868.0	1,368.0	1,368.0
FY 2007	Defense Departmental Reporting System	200.0	0.0	200.0	200.0
FY 2007	General Accounting & Finance System - Reengr	1,526.2	-1,526.2	0.0	0.0
FY 2007	Standard Accounting & Reporting System	3,000.0	0.0	3,000.0	3,000.0
FY 2007	Standard Accounting Budgeting & Reporting System	300.0	-300.0	0.0	0.0
FY 2007	Program & Budget Accounting System-Fund Distribution	500.0	-500.0	0.0	0.0
FY 2007	Operational Data Store	1,300.0	0.0	1,300.0	1,300.0
	TOTAL	9,380.1	-1,762.1	7,618.0	7,618.0

The e-Biz/Business Management Redesign (BMR) application is a Commercial-off-the-Shelf (COTS) web-based application that provides DFAS with enterprise financial management and resource planning capabilities. The application offers extensive functionality to record financial planning and purchasing events as well as timekeeping, accounts receivable and payable, disbursement, manpower, and budgeting activities. The funding will be used for application sustainment operations as well as development of selected, Configuration Control Board approved software changes.

The Defense Industrial Financial Management System (DIFMS) is a Chief Financial Officer (CFO) Act compliant accounting system that enables its customers to produce auditable financial statements. The system provides Core Financial Systems Management, Financial Reporting, Funds Control, General Ledger Management, Receipts Management, Payments Management, and Cost Management functions to its customer activities. The funds are required for software change requests mandated by changes in DoD financial management policy and guidelines.

Defense Working Capital Accounting System (DWAS) is a fully integrated Working Capital Fund (WCF) and General Fund (GF) financial management system supporting accounting functions for the Information Services Activity Group (ISAG) Air Force, the Defense Automation and Production Service (DAPS), the Defense National Stockpile Center (DNSC), the Naval Facilities Engineering Service Center (NFESC), and the Naval Public Works Centers (PWCs) business areas. DWAS consists of several functional modules including: general ledger, funds distribution, fixed assets, cost accounting, accounts payables, accounts receivables, billing, contract sales, inventory, and reports. DWAS is a transaction driven, fully compliant accounting system that reports in accordance with US Standard General Ledger.   The funds are for legislative, regulatory, and changes geared towards receiving a clean audit opinion in FY07.   In addition to interfaces (e.g., IGTS, WAWF, Credit Cards), the DWAS Accounts Receivable Module requires significant modification to incorporate write-offs and provide functionality for the way the customers collect cost and bill.

Defense Cash Accountability and Reporting System (DCAS) is the migration system selected by the Defense Finance and Accounting Service (DFAS) to be the single cash accountability system for the Department of Defense (DoD). DCAS will meet the need to re-engineer and consolidate multiple disparate systems into a single DoD cash accountability and reporting process supporting all DoD components, as well as external stakeholders. Cash accountability is the reporting of disbursements, reimbursements, deposits and receipts to the United States Treasury, as well as all other transactions which would impact the status of funds.

The funds will support added functionality for yearend reporting, closed account appropriation adjustments, and interfund transactions for Phase 2. It will also support the implementation of DCAS Phase 3, which includes the reconciliation of Treasury expenditure data with accounting system data and the elimination of Financial Reporting System in the DFAS Cleveland and DFAS Kansas City networks.

Defense Departmental Reporting System (DDRS) standardizes the departmental reporting process for all DoD Fund Types. This modern web-based system is used to produce the DoD Audited Financial Statements and budgetary reports, provide data query and report generation tools, eliminate the need for manual reconciliation, and operate within the DFAS Corporate Information Infrastructure environment (DCII). The funds will be used for annual updates to the DDRS AFS/FACTS I reporting capabilities.

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The Standard Accounting, Budgeting and Reporting System (SABRS) has been enhanced to provide full accounting support for all Marine Corps general funds at installation/intermediate command levels and support of departmental level accounting/reporting processes in compliance with Federal Financial Management Requirements (FFMRs). The funds are no longer needed, the legislative and other regulatory changes will be implemented utilizing operating funding.

Standard Accounting and Reporting System (STARS) is a general fund accounting and reporting system that accounts for more than $750 billion in Navy, Marine Corps, Air Force and Defense Agencies' direct and reimbursable funds appropriated by Congress. The receipt and use of these funds are recorded at the detail transaction level through structured successive steps (i.e. authorizations, commitments, obligations, payables, and expenditures). The detail transactions create the USSGL general ledger balances from which Trial Balance reports at the Line of Accounting level create Major Command, Departmental, Audited Financial Statements and other financial fiduciary reports (i.e. SF 133, DD 1002, FMS 2108). STARS currently supports 58 individual Appropriations. The funds provide resources to implement system changes that help the Department of Navy obtain an unqualified audit opinion by FY 2007.

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FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007	Deployable Disbursing System	1,000.0	234.1	1,234.1	1,234.1
	TOTAL	1,000.0	234.1	1,234.1	1,234.1

Deployable Disbursing System (ODS) provides a capability to Army finance soldiers in support of our nation's warfighters. It supports the President's Management Agenda goal of improved financial performance by providing more accurate and timely accounting information from contingency operations such as Iraqi Freedom and the Balkans. It is a completely integrated disbursing system and complies with DoDFMR, Volume 5. DDS's versatility is provided by its ability to be used in any

computer configuration the user desires: network, stand-alone or laptop. DDS will replace Disbursing Office Processing System (DOPS) in non-U.S. garrison environments, but unlike DOPS, can be deployed to a tactical environment with or without connectivity. The system supports single-source input, maintains a Disbursing Officer's accountability and produces level 8 Treasury reports. The funds support a list of functional enhancements have been gathered during implementation and are customer driven and will provide streamlined processing and better usability for relatively inexperienced users. These requirements will be reviewed by the Configuration Control Board (CCB) process and analyzed in terms of priority. Reprogramming was due to anticipated rate increases for TSO support.

4. Military and Civilian Pay Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007	MilPay System Transition Program	3,523.6	79.0	3,602.6	3,602.6
FY 2007	Employee/Member Self Service System (MyPay)	2,000.0	0.0	2,000.0	2,000.0
FY 2007	Forward Compatible Payroll	6,562.5	0.0	6,562.5	6,562.5
FY 2007	Defense Retiree & Annuitant Pa	10,344.0	2,503.8	12,847.8	12,847.8
	TOTAL	22,430.1	2,582.8	25,012.9	25,012.9

The MilPay Systems Transition Program (MSTP) and related program office (MSTPO) was chartered (originally as the Defense Integrated Military Human Resources System (DIMHRS) for Personnel and Pay (Pers/Pay) Pay Program (DPP)) to provide dedicated support to the design, development, and implementation of the DIMHRS (Pers/Pay) pay functionality. Since October 1999, the DFAS MSTPO staff has supported extensive Joint Requirements and Integration Office (JR&IO) requirements analysis and review. In addition, the MSTP has supported the DIMHRS Joint Program Management Office (JPMO) Integrated Process Teams (IPT) addressing business rules, data mapping, reports and interfaces, training, testing, logistics, deployment, and cost analysis. The MSTP will be required to provide this type of functional and technical expertise to the DIMHRS program through full operating capability (FOC) currently scheduled for FY 2008. As an adjunct to DFAS support to DIMHRS, the MSTP also includes the development of a Pay Warehouse. In the interim, the Pay Warehouse will support interfaces, reporting and query capabilities for Forward Compatible Payroll (FCP) until DIMHRS (Pers/Pay) is deployed. The funds will be used to provide engineering and technical support to DIMHRS (Pers/Pay) with final system testing and initial implementation and deployment. In addition, technical support will be necessary for program close out, ensuring that technical documentation is complete and all requirements have been addressed by the new system.

The MyPay initiative supports the Government's Paperwork Elimination Act of 1999 by providing a web base software application to introduce electronic commerce to the Military and Civilian employees of the DoD. Government employees and the Warfighters of our Army, Navy, Air Force and Marine Corps receive financial statements, like Leave and Earning Statements, (LES) or advice of travel payment, through the Internet via this web application. The funds will be used according to FASAB #10 guidance to fulfill system change requirements.

The DFAS Forward Compatible Payroll (FCP) initiative will design, develop and implement a new single integrated active/reserve payroll capability that replaces the Defense Joint Military Pay System (DJMS). FCP will address the urgent military payroll problems that are generated by the aging DJMS system. FCP will implement payroll modernization while supporting the overall DoD objective of establishing an integrated military personnel and pay system and will be made available to the DIMHRS Joint Program Management Office as Government Furnished Equipment for potential seamless integration into the DIMHRS architecture. The funds will be utilized to implement functional changes to the operational system as legislated by Congress or mandated by the Department or Services.

The Defense Retiree and Annuitant System (DRAS) is the standard, consolidated system for paying all Army, Navy, Marine Corps and Air Force military retirees, annuitants and former spouses. Additional subsystems of DRAS include Voluntary Separation Incentive (VSI), Victims of Abuse (VOA), Combat Related Special Compensation (CRSC), Concurrent Retirement and Disability Payments (CRDP) and Special Compensation for the Severely Disabled (SCSD). DRAS establishes, maintains and adjudicates pay accounts. DRAS is a legacy system with no announced replacement. DRAS is in a steady state sustainment mode of operation. Historically, DRAS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. The funds will be used according to FASAB #10 guidance to fulfill system change requirements. A business case analysis project is planned for FY 2005 that will lead to a decision whether to pursue replacement of the current DRAS or continue the present application. FY 2007 reprogramming was necessary to increase the level of effort in support of DRAS reengineering.

6. Other Systems Strategy

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost
FY 2007	Automated Time Attendance	1,682.9	-692.1	990.8	990.8
FY 2007	Defense Debt Mgmt System	720.0	-35.0	685.0	685.0
FY 2007	Garnishment Support System	450.0	0.0	450.0	450.0
FY 2007	Imaging - Civilian Garnishments	200.0	0.0	200.0	200.0
FY 2007	Electronic Commerce/Electronic Data Interchange	530.0	0.0	530.0	530.0
FY 2007	DFAS Corporate Database and Warehouse	1,369.0	-868.0	501.0	501.0
	TOTAL	4,951.9	-1,595.1	3,356.8	3,356.8

The Automated Time Attendance and Production Systems (ATAAPS) provides an automated, single-source input for reporting, and collecting time and attendance (T&A), labor data and for passing

that information to interfacing payroll and accounting systems. The TSO Pensacola is responsible for development and maintenance. There are two versions of ATAAPS. One-version uses a character based interface in a mainframe environment and the other uses a Graphical User Interface in a client/server environment with frequently used portions of the application available in a Web enabled environment. The funds will be use to provide funding to TSO Pensacola for ATAAPS planning and other software development support. ATAAPS is a legacy system with no announced replacement. ATAAPS is in a steady state sustainment mode of operation. ATAAPS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. Capital investment funds are used according to FASAB #10 guidance to fulfill system change requirements.

Garnishment Operations Directorate Garnishment (GARNS) System provides online processing of Alimony and Child Support garnishments cases for DoD Civilian and Military Personnel; Commercial Garnishments against civilian employees; Military Commercial Debt Involuntary Allotments; Chapter 13 Bankruptcies for Military Retirees and Active Duty Navy. The Integrated Garnishment System (IGS) is an automated system that guides the Paralegal staff through legal validation to process cases. This initiative provides support for sustainment of the GARNS at the minimum maintenance funding while providing funds for development and modification of GARNS consistent with DFAS Vision, Mission, and Strategic plan.
GARNS is a legacy system with no announced replacement. GARNS is in a steady state sustainment mode of operation. GARNS is required to make regulatory and policy based changes that increase the functionality of the application. The funds will be used according to FASAB #10 guidance to fulfill system change requirements.

The Imaging Garnishment (I-GARN) System is an Electronic Document Management System vital essential to the processing of garnishments cases. Legal documents are scanned into the I-GARN then sorted and distributed to the Paralegal staff for processing to the Integrated Garnishment System. When the I-GARNS is down, it inhibits the entire garnishment operation. This initiative provides support for sustainment of the I-GARN System. The I-GARN System equipment is at the end of its useful life cycle and is being replaced. The new equipment will require software development to integrate the new equipment into Garnishment Operations. The funds will be used to meet regulatory and policy driven changes to the I-GARN system according to FASAB #10.

Defense Debt Management System (DDMS) is an on-line debt management system designed and developed to maintain, control, and report on DoD individual out-of-service military entitlement and delinquent debt. The DDMS system has been consolidated for collection for all DoD service debts of this type. The DDMS is operated and maintained at DFAS-DE using mainframe computers located at Mechanicsburg, PA. The funds will be use to maintain compliance with the Debt Collection Act of 1982, the Deficit Reduction Act of 1984, and the Debt Collection Improvement Act of 1996 and other legal and regulatory requirements or DFAS will be outside of compliance with the law. DDMS is a legacy system with no announced replacement. DDMS is in a steady state sustainment mode of operation. DDMS is required to make legislative, regulatory, and policy based changes that increase the functionality of the application. The funds will be used according to FASAB #10 guidance to fulfill system change requirements.

Electronic Commerce/Electronic Data Interchange (EC/EDI) is a communication method that enables systems to share information. DOD has aggressively implemented EC/EDI solutions to reduce

government's burden on the taxpayer and businesses by eliminating redundant collection of data and better leveraging E-Business technologies for communication. EC/EDI encompasses the development and implementation of electronic commerce solutions wherever feasible to improve business processes. Through a collaborative effort, DFAS, the DOD Components, county, state, federal governments, and commercial vendors have implemented several EC/EDI solutions in existing legacy systems to make them capable of receiving business transactions electronically. There are several initiatives within the EC/EDI Program that provide a collective electronic commerce identity. The funds will be used to maintain the EC/EDI and WAWF mapping.

The DFAS Corporate Database (DCD) / DFAS Corporate Warehouse (DCW) provides DFAS and DoD with an effective and efficient financial management environment for financial information through a centralized database / warehouse that captures data, ensures its integrity, and supports on line analytical processing, information storage, and retrieval. The DCD/DCW initiative significantly contributes to the consolidation of financial management information and provides an interoperability mechanism to standardize and share financial information. The funds will support systems development and sustainment work (and core support) provided by the TSO, and system testing provided by the TSO in Pensacola. The reduction in Capital funding is based on a planned Milestone C Decision / Full Rate Production and Deployment in late FY 2004. A successful Milestone C decision will place the DCD/DCW into a sustainment mode (sustaining operations).

Activity Group Capital investment Summary
Component: Defense Information Systems Agency
Activity Group: Computing Services
February 2005
($ in Millions)

Line Number	Item Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Equipment								
	- Replacement								
	Facilities Equipment		3.000		6.200		15.700		14.300
	ADPE & Telecommunications Equipment								
	OS/390 (MVS) Technology Refreshment		22.197		11.000		6.520		2.020
	OS/390 (MVS) New Business Equipment		0.000		4.750		12.434		2.750
	OS/390 (MVS) Assured Computing Equipment		0.000		3.000		2.500		1.700
	Enterprise Infrastructure Improvement Equipment		4.672		10.125		13.169		11.032
	Enterprise Infrastructure - Communications Equipment		4.070		4.000		7.507		6.038
	Server - Enterprise CHCS II		14.346		3.000		0.000		0.000
	Server - Military Health Sys - TMIP		0.000		0.743		0.743		1.749
	Server - Military Health Sys - RITPO		4.570		0.000		0.000		0.000
	Software for Server - Military Health Sys - EI/DS		0.000		1.600		1.600		4.300
	Server Upgrades		6.201		16.641		18.056		27.213
	Server - Air Force Knowledge System		3.906		8.190		5.560		3.200
	Tech Refresh		2.107		10.040		0.000		0.000
	Server - Enterprise Infrastructure		3.631		9.225		6.500		0.000
	Classified ADPE		0.000		0.185		0.679		0.000
	Transformation		4.000		0.000		0.000		0.000
	Software								
	New Financial System		0.000		0.000		2.670		0.600
	Minor Construction								
	Facilities Building Enhancements		0.000		9.600		4.700		4.700
	Total		**72.700**		**98.299**		**98.338**		**79.602**
	Total Capital Outlays		87.281		95.000		142.200		99.200
	Total Depreciation Expense		33.642		67.269		76.746		81.352

Exhibit 9a, Activity Group Capital Investment Summary

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION	A. President's Budget
($ in Thousands)	

B. Computing Services / February 2005 **C. Facilities Equipment** **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Facilities Equipment Replacement			$3,000			$6,200			$15,700			$14,300
Total	**0**	**$0**	**$3,000**	**0**	**$0**	**$6,200**	**0**	**$0**	**$15,700**	**0**	**$0**	**$14,300**

Narrative Justification:
· Description and Purpose:

Replacement of facilities and equipment (at various sites each year) consisting of the following:
- Design and/or upgrade uninterrupted power supply (UPS) equipment at sites in Oklahoma City, Jacksonville, Columbus, Ogden and St Louis. Current equipment averages 15 years old and is an integral part of the back up system in the event of a commercial power outage.
- Upgrade fire detection and alarm systems at San Antonio. The current system is over 15 years old and frequently gives false alarms which creates unnecessary evacuations.   Bringing this system up to current standards will eliminate a possible safety concern and the difficulty associated with finding parts for the old system.
- Replace/upgrade cooling capacity at Columbus, Mechanicsburg and Montgomery. Equipment at the end of useful life (between 10 and 20 years old) and replacement with upgraded chillers are required to ensure equipment doesn't over heat which could lead to system failure.

· Current Deficiency and/or Problem:
Many of DISA's facilities are in need of cyclical focused upgrades to infrastructure and equipment to assure adequate reliability and redundancy to support customer workload. Currently facilities pose safety hazards as well as potential mission failure due to a myriad of age related infrastructure and equipment deficiencies resulting in unprogrammed downtime.

· Economic Analysis: Available upon request.

		ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							**A. President's Budget**		

B. Computing Services / February 2005

C. OS/390 Multiple Vertical Storage (MVS) Technology Refreshment

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Mainframe Equipment and Peripherals			$22,197			$11,000			$6,520			$2,020
Total	0	$0	$22,197	0	$0	$11,000	0	$0	$6,520	0	$0	$2,020

Narrative Justification:

· Description and Purpose:
The requested funds will be used to purchase Enterprise Services mainframes to replace generation 4, 5 and 6 machines which are becoming obsolete. (Vendor support ceases after March 2007) Older mainframes cannot support the newest software and hardware technology. Funds will also be used to purchase IBM compatible mainframe channel and director upgrades. Channels within the host processors will be upgraded to fiber channel technology (called FICON), and the FICON directors that connect processors to storage peripherals. This new technology will allow for more rapid movement of data between systems and for remote management of the computing environment. Funds will also be used to purchase IBM compatible high performance tape transports that will replace drives that are 10 years old and central processor engines to permit application growth required to support customer work.

· Current Deficiency and/or Problem:
DISA CS has utilized Generation 4, 5 and 6 series mainframes for approximately the past 10 years. These machines will no longer be vendor supported after March 2007. The current machines to do not permit the customer applications to take advantage of the newest software and hardware technologies. Service Level Agreements require DISA Computing Services to use Vendor maintained machines thereby reducing Customer application impacts. The new zSeries machines require new fiber channel technology . Also required are 'open system adapters' (OSA) to allow the new mainframes to directly connect to high-speed routers, servers and networks permitting the rapid movement of data between systems and remote management of the environment. Aging tape drives will no longer be compatible with the faster central processing engines of the new zSeries mainframes.

· Impact:
Existing equipment is aging and non-supported by the vendor. If this initiative is not funded the customer base may experience mainframe outages. No enhancements can be made to the operating systems or applications. Piece parts for the current machines will not be available since they are no longer produced. Additionally DISA will not be able to meet system level agreement (SLA) requirements agreed to by the customers and DISA previously.

· Economic Analysis: Available upon request.

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)											A. President's Budget		

B. Computing Services / February 2005

C. OS/390 Multiple Vertical Storage (MVS) New Business Equipment

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Mainframe Equipment and Peripherals for new business			$0			$4,750			$12,434			$2,750
Total	0	$0	$0	0	$0	$4,750	0	$0	$12,434	0	$0	$2,750

Narrative Justification:

· Description and Purpose:
The funds requested will be used to acquire new hardware and software and/or upgrade existing software to accommodate new technology, customer requirements and agreements. This acquisition will include IBM mainframes and Linux engines (Integrated Facilities for Linux (IFLs)) to accomodate workload shift and application re-hosting and to accomodate new customer workload. In many instances, new customer requirements cannot be specifically identified but without additional mainframes we would have a difficult time accepting new business. But two recent examples of new business comes from a WHS Budget and Finance application that will consist of three systems. The second example is from Aberdeen Proving Ground which requires IBM equipment which will support their Development Test Command and subordinate installations at White Sands Missile Range, Dugway Proving Ground and the Yuma Proving Ground along with the Aberdeen Test Center.

· Current Deficiency and/or Problem:
DISA CS has utilized IBM Generation 4, 5, and 6 series mainframes for approximately the past 10 years. The Generation 6 and below mainframes are no longer supported as of Mar 2007. Due to funding limitations and customer impacts, the Gen 4, 5 and 6 machines must be replaced over the next two Fiscal years. At present, multiple machines are operating at maximum capacity and can no longer support everyday and end of year processing for our customers. To continue supporting DISA's customer base it is necessary to replace these antiquated machines. Additionally DISA has been given the responsibility to provide assured computing solutions as part of their new lines of business. To complete the assured computing solution, additional peripheral equipment such as consoles and communications equipment is needed. These components are outside the scope of current contracts. This capital expenditure is required to provide this capability.

Due to an increased mainframe market share, DISA new business, and new technology, upgraded machines are required to support our current customer base and allow for Linux and other up and coming technologies. This acquisition will in turn allow for increased productivity and security and allow DISA to once again proactively support our customer base.

· Impact:
The business area will not be able to accept new workloads and new customers as well as provide all required lines of business which permits them to be a viable service organization.

· Economic Analysis: Available upon request.

| | ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands) | | | | | | | | | A. President's Budget | | |

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
($ in Thousands)

A. President's Budget

B. Computing Services / February 2005

C. OS/390 (Multiple Virtual Storage) Assured Computing Equipment

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
IBM Compatible Peripheral Equip			$0			$3,000			$2,500			$1,700
Total	**0**	**$0**	**$0**	**0**	**$0**	**$3,000**	**0**	**$0**	**$2,500**	**0**	**$0**	**$1,700**

Narrative Justification:

Description and Purpose: To implement Assured Computing additional peripheral equipment such as consoles and communications equipment is needed. These components are outside the scope of the initial contract awarded to ViON. The capital investment provides the necessary peripheral equipment to provide an equivalent capability to that of the production environment at an additional location. The redundant capability required for assured computing includes equipment such as console controllers, communication gateways, channel extenders and virtual tape solutions and will be shared between St Louis, Mechanicsburg and Ogden sites.

Current Deficiency and/or Problem: In December 2003, DISA awarded an Assured Computing service contract to ViON Corporation. This contract provided central processor and disk storage equipment and services necessary to provide business continuance and disaster recovery capability for the critical DoD IBM mainframe-based application systems.

Initial customer disaster recovery testing will begin in February 2005. It will expand in scope and requirements throughout FY05, 06 and 07. As the scope of testing expands, interfacing with other systems and testing of more complex capabilities will occur to match the production environments.

Impact:
This initiative is critical to the scope and objectives of the Assured Computing initiative. Without the additional hardware and software resources, we will not be able to complete the infrastructure to support continuity of operations (COOP) and disaster recovery.

Economic Analysis: Available upon request.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												A. President's Budget	
B. Computing Services / February 2005				**C. Enterprise Infrastructure Improvement Equipment**				**D. Defense Information Systems Agency**					
	FY 2004			FY 2005			FY 2006			FY 2007			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Enterprise Infrastructure Equipment			$4,672			$10,125			$13,169			$11,032	
Total	**0**	**$0**	**$4,672**	**0**	**$0**	**$10,125**	**0**	**$0**	**$13,169**	**0**	**$0**	**$11,032**	

Narrative Justification:

· Description and Purpose:
Investments are required in servers (and their operating systems software) to allow for continued consolidations and streamlining of the computing services enterprise. This equipment will add switches and routers to the existing infrastructure and will enhance network performance. Network management tools will be added to support the remote management of System Management Centers, Processing Elements and Central Communciations Centers. The next generation of Computing Services Information Assurance architecture will be installed in FY05 and this upgrade will, after consolidation, convert 16 enterprise data centers into one enterprise. The new technology is necessary to meet changing requirements and enhance web application performance and services.
1) Establishing the integrated environment called Customer Service Management (CSM) allows for the efficiencies of remote site monitoring of classified and unclassified environments. Expanded infrastructure is required to support workload growth and to replace equipment soon to be past warranty.
 2) Tech refresh of the Enterprise Systems Management (ESM) archietecture, which houses all remote monitoring and management tools required at both primary and disaster recovery sites, is required in order to monitor servers and network devices added to the inventory over time.
3) In addition, establishing a single operating environment is a prerequisite to eliminating functionally equivalent software products from the inventory. This then allows for site and workload consolidations by streamlining the number of computing environments which must be supported.

· Economic Analysis: Available upon request.

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)											A. President's Budget		

B. Computing Services / February 2005				C. Enterprise Infrastructure - Communications Equipment				D. Defense Information Systems Agency						
	FY 2004			**FY 2005**			**FY 2006**			**FY 2007**				
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**		
Communications Equipment			$4,070			$4,000			$7,507			$6,038		
Total	**0**	**$0**	**$4,070**	**0**	**$0**	**$4,000**	**0**	**$0**	**$7,507**	**0**	**$0**	**$6,038**		

Narrative Justification:

· Description and Purpose:
DISA computing services manages, maintains and upgrades the computing services datacenter communications infrastructure across the entire enterprise. The communications equipment and tools at all system management centers (SMC) and processing elements (PE) are periodically modified and upgraded.

· Current Deficiency and/or Problem:
During the period comprising FY05 – FY07, DISA computing services will add various communications hardware and software components to the existing infrastructure to support and enhance communications network performance. Need to replace routers at 16 sites, 2 per site, along with communications switches at the same sites with two switches required at each site. Also buying VLAN switches that are a part of the backbone of datacenter infrastructure along with content switches used for load balancing and ehancing web performance and availability. Architecture must be upgraded to leverage distributed enclaves so that all information flows are consolidated to maximize performance, security and availability. Additionally new technology is needed to meet changing program requirements, to enhance web applications performance and enhance services. This will include implementing and supporting Net-Centric Enterprise Services (NCES).

· Impact:
Without these funds computing services will not be able to replace and upgrade core infrastructure with required interfaces to the NIPRNet either via internal connections or external network connections to the customers networks and other data centers. Equipment that has reached the end of its prescribed useful life will not be supported by vendors maintenance and consequently customer demands will not be met.

· Economic Analysis: Available upon request.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												A. President's Budget		

B. Computing Services / February 2005 **C. Server - Enterprise CHCS II** **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Server Equipment and Peripherals			$14,346			$3,000						
Total	0	$0	$14,346	0	$0	$3,000	0	$0	$0	0	$0	$0

Narrative Justification:

Description and purpose: The Composite Health Care System II (CHCS II) is an ACAT I, mission assurance category 2 program involving a centralized military computer-based patient record that is accessed through a provider-developed graphical user interface. It facilitates outpatient management of health information requirements for the U.S. Armed Forces and provides Military Health Systems (MSH) beneficiaries with a life-long medical record. Phase 1 (Block 1) functionality provides a graphical user interface for encounter documentation and enables real-time retrieval of medical records. This improved access to medical records will aid providers in the provision of appropriate, timely, and coordinated care.   In FY04 over $13 million was spent at the Montgomery, AL and San Antonio, TX locations. Fifty eight Hewlett Packard (HP) superdomes were purchased for these locations along with upgrades to ensure assured computing. Almost $7 million was spent on storage at these sites to add user capacity and improve performance.   The additional 3million in FY05 will be used to purchase 20 CISCO routers for network activations in Europe along with 20 HP superdomes to ensure configuration to Montgomery for assured computing. Storage upgrades and a replication tool for assured computing between Montgomery and San Antonio complete the 05 requirements.

DISA is responsible for the design, development, and implementation of a primary data warehouse repository along with an alternate disaster recovery facility in accordance with the CHCS II ORD requirements.   Additional investment in servers and peripheral equipment is required to support this Military Health Care System.

Current deficiency and/or Problem: Server support is required to run these new applications.

Impact: Without these funds this central data repository will not be fielded, perpetuating the existing "stove-piped" computer-based patient record process at more than 500 plus medical treatment facilities worldwide, thus denying the best possible health care support to our war fighters and their beneficiaries.

Economic analysis: Available upon request.

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		A. President's Budget

B. Computing Services / February 2005 **C. Server - Military Health Sys TMIP** **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Server Equipment and Peripherals						$743			$743			$1,749
Total	**0**	**$0**	**$0**	**0**	**$0**	**$743**	**0**	**$0**	**$743**	**0**	**$0**	**$1,749**

Narrative Justification:

Description and purpose: Theater Medical Information Program (TMIP) integrates the DoD's "peacetime" medical software and tailors it to run on a combination of hand-held devices, stand-alone laptops, and client-server computers in the field. The system is designed to provide functionality within an austere communications environment through either manual media transfer or "store and forward" capability. This allows patient care information to transfer with the patient from initial emergency care in the field to definitive care in a fixed facility.

DISA is responsible for the design and implementation of a central data warehouse repository along with an alternate disaster recovery capability for this Mission Assurance Category (MAC) 1 program.

Current deficiency and/or Problem: No central data repository exists for the forward deployed warfighter, nor a disaster recovery capability for this MAC 1 program.

Impact: Without these funds this central data repository will not be fielded jeopardizing the Force Health Protection (FHP) initiative for forward deployed military personnel.

Economic analysis: Available upon request.

		ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)								A. President's Budget	

B. Computing Services / February 2005 **C. Software for Server - Military Health System EI/DS** **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software for Server Equipment and Peripherals						$1,600			$1,600			$4,300
Total	**0**	**$0**	**$0**	**0**	**$0**	**$1,600**	**0**	**$0**	**$1,600**	**0**	**$0**	**$4,300**

Narrative Justification:

Description and purpose: The Executive Information and Decision Support (EI/DS) Program Office provides decision support information and tools used by Military Health System (MHS) managers, clinicians, and analysts to manage the business of health care within the MHS.

The San Antonio computing center is responsible for the acquisition and implementation of all software, database, and operating systems for a central data warehouse repository for various EI/DS applications including the Managed Care Forecasting and Analysis System (MCFAS) which is the officially sanctioned source of population forecasts for MHS planning and budgeting. Available to DoD personnel requiring accurate past, current, and future counts of people eligible for MHS medical benefits, MCFAS reports the number and location of beneficiaries from worldwide or specific regions down to individual zip codes.

Current deficiency and/or Problem: Software upgrades are required to support the server platforms for the programs described above.

Impact: Without these funds servers supporting these application initiatives will not be fielded jeopardizing the efficient implementation of the Department of Defense's (DoD's) Force Health Protection (FHP) initiative for military personnel.

Economic analysis: Available upon request.

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. President's Budget		

B. Computing Services / February 2005   **C. Server Upgrades**   **D. Defense Information Systems Agency**

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Server Equipment and Peripherals			$8,497			$16,641			$18,056			$27,213
Total	0	$0	$8,497	0	$0	$16,641	0	$0	$18,056	0	$0	$27,213

Narrative Justification:

Description and purpose: This effort includes server upgrades and technical refreshments for a number of sites to accomodate customer requirements that support data respositories, logistics management, civil engineering resource and task management, and financial reporting and management. Customer platforms supported include Air Force Depot Maintenance Systems Integration platform, Electronic Document Access and Wide Area Work Flow (WAWF) Electronic Business Programs, Defense Finance and Accounting Service, Defense Medical Logistics Standard Support System (DMLSS). The AF Deport Maintenance Systems Integration platform supports the Air Logistics Centers at Warner Robbins AFB, Ogden and Oklahoma City. This suite of 30 applications provides the depot maintenance personnel with the tools necessary to repair, maintain and overhaul equipment at these sites. Each of these systems will provide electronic recording of transactions and through the use of the web it will allow these locations to become a part of the Air Force portal initiative.   Ogden and Columbus are the primary providers for wlectronic commerce support and the requirements for WAWF dictate additional equipment. The equipment required would be four HP servers, replacing the current HP 8400s, two at each site.

Current deficiency and/or Problem: DISA supports various DoD customers whose server upgrades are required to provide them service they must have in order to comply with department initiatives. Server upgrades are required at Montgomery, and San Antonio because current equipment is approaching the 2 year mark and normally requires replacement at 3 years.

Impact: Without this investment the customers will not realize greater efficiencies in managing resources and planning work schedules, DMLSS initiatives will not be fielded jeopardizing the efficient implementation of the Department of Defense's (DoD's) Force Health Protection (FHP) initiative for military personnel; DFAS will be unable to meet the goal of reducing the number of applications used DoD wide; Air Force Depot Maintenance Systems will not come into CFO compliance by sharing a common standard architecture.

Economic analysis: Available upon request.

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)											A. President's Budget		

B. Computing Services / February 2005

C. Server - Air Force Knowledge System

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Server relocation and upgrade			$3,906			$8,190			$5,560			$3,200
Total	**0**	**$0**	**$3,906**	**0**	**$0**	**$8,190**	**0**	**$0**	**$5,560**	**0**	**$0**	**$3,200**

Narrative Justification:

Description and purpose: The Air Force intends to create a decision support system by pulling data from several other Air Force logistics support systems.   This will be accomplished by incorporating data from disparate Air Force production systems into one Air Force Knowledge System. There will be nine separate contractual actions associated with this requirement. These actions will consist of acquiring NCR Teradata server nodes, operating system software and associated peripherals (disk, tape, etc). In FY06 and FY07, we will be upgrading this configuration by adding nodes (servers) and peripheral devices. The total requirement will be a 36 node NCR server supporting this workload.   This will allow the customer to add more data feeds from other systems.

Current deficiency and/or Problem: The current AFKS equipment is located in the Litton/PRC facility in a business park a few miles from Wright-Patterson AFB. This equipment consists of a development platform using an NCR 4700 and an NCR 5250 Teradata computer designed for data warehousing to use as a proof-of-concept production environment. The AFKS PMO intends to have the production hardware located in more secure government facilities rather than being located in contractor facilities. Establishment of the proposed production environment in the government facilities will evolve into a larger, more robust production environment, requiring the procurment of supporting server "farms" over the next three years.

Impact: Without this investment the Air Force will not achieve the degree of systems integration needed to realize the benefits of a comprehensive knowledge system, nor will it accomplish the move to a secure government-processing environment.

Economic Analysis: Available upon request.

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)						A. President's Budget				

B. Computing Services / February 2005 **C. Server - Tech Refresh** **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Server Equipment Tech Refresh			$2,107			$10,040						
Total	**0**	**$0**	**$2,107**	**0**	**$0**	**$10,040**	**0**	**$0**	**$0**	**0**	**$0**	**$0**

Narrative Justification:

Description and purpose:
This is a technology refresh of deployed server platforms running the Unix operating system (primarily HP UX and Sun Solaris). Most Computing Services Unix systems are running customer production and test & development systems. The purpose of this procurement is to insure that currently operational Unix based systems will continue to perform at the agreed upon service levels, be able to support release of newer systems software versions for installed product suites, and to insure continued vendor support where the market for maintenance of aging servers is dwindling. In FY05 we've projected to replace 9 servers, 4 HP and 5 Sun that have exceeded their technical and financial life expectancy. With a 3 to 5 year useful life, between 20 and 33% of the resources requirement replacement each year.

Current deficiency and/or Problem:
As systems age components start to fail and platform performance begins degrading to unacceptable levels. Upgrading older servers is generally too costly and often not sufficient to meet overall platform performance parameters. Maintenance costs on older systems increase exponentially. In addition, application evolution tends to increase system requirements for more and faster resources.

Impact:
Without this investment, costs and risks in operating environments will increase dramatically while overall performance capabilities fail to keep pace with evolving applications and systems software.

Economic Analysis: Available upon request.

<table>
<tr><td colspan="2">ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
($ in Thousands)</td><td>A. President's Budget</td></tr>
</table>

B. Computing Services / February 2005	**C. Server - Enterprise Infrastructure**	**D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Storage and Server Upgrades			$3,631			$9,225			$6,500			
Total	**0**	**$0**	**$3,631**	**0**	**$0**	**$9,225**	**0**	**$0**	**$6,500**	**0**	**$0**	**$0**

Narrative Justification:

Description and Purpose:
Storage is the fastest growing segment of the DISA Computing Services infrastructure. Increasing deployment of online web based systems, and redeployment of mainframe systems to open systems necessitate investment in expanding storage capability. Further, infrastructure storage requirements for classified processing systems are another major emerging segment of the Computing Services infrastructure. Hence investment is required to provide new server hardware and software components. Assuming a 3 – 5 year technical life approximately 20 – 30% of existing resources need replacement each year. The majority of the required equipment are various types of storage capability based on the equipment, for example, 6 pieces of 10 TB Tier 2 storage and 2 15 TB Tier 2 storage to name two. Eleven virtual tape appliances, and 10 SDLT600 drivers are also just a part of what's required to improve the equipment strorage capability. Five locations will be impacted by this project.

· Current Deficiency and/or Problem:
The rate of change in server level technology and commercial support causes the aging of server systems to reach functional obsolescence in as little as 36 months. Hence computing services must upgrade platforms and storage to meet the multitude of deployed products and functions supported. .

· Impact:
Without funding for this project, Computing Services will not be able to sustain production and test & development platforms as well as storage service levels for both unclassified and classified processing.

· Economic Analysis: Available upon request.

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)								A. President's Budget		

B. Computing Services / February 2005 **C. Classified ADPE** **D. Defense Information Systems Agency**

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment						$185			$679			
Total	0	$0	$0	0	$0	$185	0	$0	$679	0	$0	$0

Description and purpose: One site with a Sensitive Compartmented Information Facility (SCIF) hosting Top Secret classified applications requires secure communications. Procurement of this support equipment for the SCIF will ensure the security and administration requirements for the customer. The upgrades to the equipment will also assure that the SCIF retains its accreditation. The line also includes an upgrade to unclassified videoteleconferencing equipment to add classified capability at various sites.

Current deficiency and/or Problem: The current equipment to support the SCIF is considered obsolete and must be replaced. Further, current videoteleconferencing capability does not meet mission requirements.

Impact: Not replacing the SCIF support equipment, places Computing Services at risk of losing accreditation of the SCIF and the revenue generated by the customer in place.

Economic analysis: Available upon request.

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)										A. President's Budget		

B. Computing Services / February 2005 **C. New Financial System** **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Commercial Off the Shelf Software Financial Mgt									$2,670			$600
Total	0	$0	$0	0	$0	$0	0	$0	$2,670	0	$0	$600

Narrative Justification:

Description and Purpose: DISA has been directed to implement a new accounting system that is compliant with the Joint Financial Management Improvement Plan (JFMIP). DISA is working with the OSD Business Management Modernization Program (BMMP)/Accounting and Finance Domain and the Air Force to select and implement a Commercial off the Shelf (COTS) Software product that will replace DISA's existing accounting systems (WAAS, FAMIS-CS and FAMIS-TSEAS). The Air Force established the Defense Enterprise Accounting and Management System (DEAMS) Program Management Office to oversee the acquisition.

Current Deficiency and/or Problem:
The OMB/DOD mandated audit of DISA's financial statements identified material weaknesses in DISA's accounting system that must be corrected. DISA must implement a new accounting system in order to meet the President's Management Agenda for Financial Management Improvement that specifically requires: 1) financial management systems meet federal financial management system requirements and applicable federal accounting and transaction standards; 2) accurate and timely financial information; 3) integrated financial and performance management systems supporting day-to-day operations; and 4) unqualified and timely audit opinion on the annual financial statements; no material internal control weaknesses reported by the auditors.

Economic Analysis: Available upon request.

Program Completion: USD(C) approved the DISA Standard Finance and Accounting System initiative on 8 August 2003 and Milestone A decision was approved by USD(C) in 2004. The Air Force will conduct a pilot of the system during FY05 and after successful completion of the pilot, DISA will initiate implementation in FY06 with completion anticipated in FY07.

	ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)										A. President's Budget		

B. Computing Services / February 2005 **C. Facilities Building Enhancements** **D. Defense Information Systems Agency**

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Facilities Building Enhancements						$9,600			$4,700			$4,700
Total	0	$0	$0	0	$0	$9,600	0	$0	$4,700	0	$0	$4,700

Narrative Justification:

Description & Purpose:
Single phase uninterruptible power supplies (UPS) sit between an AC outlet (i.e., a wall outlet or power strip) and an electronic device (such as a computer, server, or phone equipment) to provide power conditioning, back-up protection and distribution for electronic equipment loads and to prevent power disturbances (outages, sags, surges, spikes, noise, etc.) from affecting the performance and life of the electronic device and vital data. We require upgrades to multiple facilities to ensure UPS. Further, increased electrical equipment and computing workload will increase the cooling requirements of the chillers and pumps which also require upgrades at some sites. At other sites replacements for chillers, pumps and cooling towers are required where equipment has reached the end of its useful life.   At DECC Pacific a refurbishment of existing workspace is planned, to diclude a layout of floor space, building walls and a reconfiguration of lighting. At DECC Europe upgrades to electrical, mechanical and building infrastructure is required at the current facility.

Current Deficiency and/or Problem:
Current mechanical equipment will not accommodate the increased computer load added at various sites. Existing equipment the mechanical equipment supports will not provide adequate reliability and redundancy to support the increased computing load. Chillers, pumps and cooling towers are reaching the end of useful life and must be replaced.

Impact:
Shutdowns may occur if UPS is not brought up to the prescribed level, causing downtime for our customers. Without proper temperature control, the ADPE equipment will fail.

Economic Analysis: Available upon request.

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: CS
Feb-05
(Dollars in Millions)

Projects on the FY 2006/2007 President's Budget

FY	Approved Project	2005 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	Asset/Deficiency	Explanation
FY 2005	Facilities Equipment	1.000	0.000	1.000	6.200	5.200	Incr Req for Uninterupted Power Supply
FY 2005	OS/390 (MVS) Technology Refreshment	11.000	0.000	11.000	11.000	0.000	
FY 2005	OS/390 (MVS) New Business Equipment	0.000	0.000	0.000	4.750	4.750	Emerging Business Requirements
FY 2005	OS/390 (MVS) Assured Computing Equipment	0.000	0.000	0.000	3.000	3.000	Additional Peripheral Equipment
FY 2005	Enterprise Infrastructure Improvement Equipment	6.500	0.000	6.500	10.125	3.625	Workload Increase
FY 2005	Enterprise Infrastructure - Communications Equipment	4.000	0.000	4.000	4.000	0.000	
FY 2005	Server - Enterprise CHCS II	3.000	0.000	3.000	3.000	0.000	
FY 2005	Server - Military Health Sys - TMIP	0.000	0.000	0.000	0.743	0.743	Newly Indentified Customer Requirement
FY 2005	Server - Military Health Sys - EI/DS	0.000	0.000	0.000	1.600	1.600	Newly Indentified Customer Requirement
FY 2005	Server Upgrades	7.045	0.000	7.045	16.641	9.596	Increased Storage Requirements
FY 2005	Server - Air Force Knowledge System	8.190	0.000	8.190	8.190	0.000	
FY 2005	Server - Montgomery IDMS	10.040	0.000	10.040	10.040	0.000	
FY 2005	Server - Enterprise Infrastructure	9.225	0.000	9.225	9.225	0.000	
FY 2005	Classified ADPE	0.000	0.000	0.000	0.185	0.185	Newly Indentified Customer Requirement
FY 2005	Facilities Building Enhancements	0.000	0.000	0.000	9.600	9.600	Incr Req for Chillers and Pumps
	Total FY 2005	60.000	0.000	60.000	98.299	38.299	

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2005
(Dollars in Millions)

Proj No.	Item Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
Equipment									
Replacement Equipment									
TO0003	HVAC & Electrical Upgrade for RNOSC	1	$0.178	0	$0.000	0	$0.000	0	$0.000
ADPE & Telecom									
ADPE & Telecom									
EE0002	Enterprise Business Modernization	0	$0.000	1	$1.100	1	$0.200	0	$0.000
TD0002	IP Core Network Expansion	1	$1.000	0	$0.000	0	$0.000	0	$0.000
TO0002	Command Section VTC Room	0	$0.000	1	$0.175	0	$0.000	0	$0.000
TO0005	UPS System for Command Section	0	$0.000	0	$0.000	1	$0.450	0	$0.000
TS0001	JHITS	1	$9.664	0	$0.000	0	$0.000	0	$0.000
TS0002	CONUS Multi-function switch upgrade	1	$40.000	0	$0.000	0	$0.000	0	$0.000
TS0003	Signal Transfer Points	0	$0.000	1	$2.720	0	$0.000	0	$0.000
TT0004	Pac Transmission Tech Refresh	0	$0.000	1	$7.280	0	$0.000	0	$0.000
TT0006	CONUS Multiplexer ScreamLink Units	0	$0.000	1	$0.800	0	$0.000	0	$0.000
TT0008	SWA New Sys Initiatives	0	$0.000	1	$3.450	0	$0.000	0	$0.000
TT0019	Europe Transmission Expansion	0	$0.000	1	$24.200	0	$0.000	0	$0.000
TV0001	Supplement DVS-G Bridge with mini-hubs	1	$13.808	0	$0.000	0	$0.000	0	$0.000
Software									
Externally Developed Software									
EE0001	Telecom Inventory & Billing Application	1	$2.143	1	$1.010	1	$0.295	0	$0.000
EE0002	Enterprise Business Modernization	0	$0.000	1	$9.395	1	$5.040	0	$0.000
EE0003	Standard Financial System	0	$0.000	0	$0.000	1	$2.670	1	$0.500
EP0001	Automated Workflow	1	$4.025	1	$0.693	0	$0.000	0	$0.000
EP0002	Telecom Services Management	1	$0.150	0	$0.000	0	$0.000	0	$0.000
Minor Construction									
Minor Construction									
TO0001	2nd & 3rd Wing Enclosure	1	$0.750	2	$0.750	0	$0.000	0	$0.000
TO0006	Expand Bldg 3189 Northwest Parking Lot	0	$0.000	0	$0.000	1	$0.350	0	$0.000
TO0007	Earthen Berms	0	$0.000	0	$0.000	0	$0.000	1	$0.300

Exhibit-9a, Activity Group Capital Investment Summary

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2005
(Dollars in Millions)

Proj No.	Item Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Minor Construction								
	Minor Construction								
TO0008	Building Exterior Enhancement	0	$0.000	0	$0.000	0	$0.000	1	$0.150
	Total	**9**	**$71.718**	**12**	**$51.573**	**6**	**$9.005**	**3**	**$0.950**
	Total Capital Outlays		$21.053		$51.497		$86.804		$70.500
	Total Depreciation Expense		$17.373		$30.352		$7.615		$2.275

B. TSEAS/February 2005

C. EE0001 Telecom Inventory & Billing Application

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Telecom Inventory & Billing Application	1	$2,143.00	$2,143.00	1	$1,009.60	$1,009.60	1	$295.10	$295.10	0	$0.00	$0.00
Total	**1**	**$2,143.00**	**$2,143.00**	**1**	**$1,009.60**	**$1,009.60**	**1**	**$295.10**	**$295.10**	**0**	**$0.00**	**$0.00**

Description and Purpose:
The proposed customer billing application will create summary billing Communication Service Authorizations (CSA)s, update the Contracting On-line Procurements System (COPS), and provide performance metrics and web-based views. The new tool will alleviate many of the billing computation errors that have arisen from incorrectly applied rates and eliminate difficulties associated with the Customer Cost and Obligation report. Performance metrics provide a systematic means to proactively manage the customer billing and finance processes. The performance metrics package is structured to provide managers with fact-based information regarding the performance and condition of customer billing and finance processes. The web-based customized data screens for each type of user, provides a method to reduce billing cycle lead times, increase clarity and accessibility of billing information, and increase billing accuracy. This system is currently undergoing the Business Management Modernization Program approval process.

Current Deficiency or Problem:
Based on a process with support systems developed in the 1970's, the current DISA telecommunications customer billing process is complex, fragmented, manual (in some key process areas), multi-disciplined and no longer meets all of DISA's or its customer's needs. In addition, the supporting systems do not generate metrics needed to analyze the billing process, measure performance, and identify areas for improvement. Furthermore, neither internal nor external customers have adequate visibility of billing data to accurately project telecommunications costs and revenue for program management, financial reporting, rate development, budget development, and execution purposes.

Impact: Due to lack of timely information and visibility of in-process orders, DISA customers have identified funds associated with overlapping service bills.

<p style="text-align:center">**Activity Group Capital Investment Justification**   **A. President's Budget**</p>
<p style="text-align:center">($ in Thousands)</p>

B. TSEAS / February 2005   **C. EE0002   Enterprise Business Modernization**   **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Enterprise Business Modernization -Hardware				1	$1,100.00	$1,100.00	1	$200.00	$200.00	0	$0.00	$0.00
Enterprise Business Modernization - Software				1	$9,395.00	$9,395.00	1	$5,040.00	$5,040.00	0	$0.00	$0.00
Total	**0**	**$0**	**$0**	**2**	**$10,495.00**	**$10,495.00**	**2**	**$5,240.00**	**$5,240.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
DISA Enterprise Acquisition Services (EAS) developed a project plan with the consultation of the MITRE Corporation to implement an enterprise architecture framework as a method to document, design, and transition to an enhanced business environment. The project objectives are:
-Identify an operational to-be architecture that includes: mission; business functions, processes and systems; and as-is baseline.
- Identify, develop, acquire, test and deploy systems and processes that conform to the to-be architecture.
- Plan, budget and implement a formal enterprise architecture function and organization. The execution strategy to this point in the project and up to the beginning of the second quarter of FY05 (the point at which capital asset money is required) involves working with the DOD BMMP, Acquisition Governance Board (AGB) and the DoD Acquisition Domain to ensure our "To-Be" solution is consistent with the direction of DoD and the federal government as a whole. Upon receipt of capital asset funding, we will begin implementation which includes the purchase of necessary hardware and infrastructure upgrades to deploy new commercial off-the-shelf (COTS) software.

This project will realize several tangible and intangible benefits: a reduction in the number of systems eliminating data re-entry and reducing the number of user ID's and passwords; Better system integration to improve accuracy of information, improve visibility of requirements processed and improve the ability to retrieve management reports in a timely manner; Replacing the current "green screen" systems with modern state-of-the-art COTS products will reduce the six month to one year learning curve of existing systems and further result in improved job satisfaction, increased productivity and the ability to service additional customers.

Current Deficiency or Problem:
EAS provides procurement and acquisition logistics services for a wide variety of government customers. In order to support the DISA acquisition and financial management mission in an efficient and effective manner; EAS manages, operates, and in many cases, has developed, a group of complex software applications that over time have independently evolved into disparate systems.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2005

C. EE0003   Standard Financial System

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Standard Financial System	0	$0.00	$0.00	0	$0.00	$0.00	1	$2,670.00	$2,670.00	1	$500.00	$500.00
Total	0	$0.00	$0.00	0	$0.00	$0.00	1	$2,670.00	$2,670.00	1	$500.00	$500.00

Description and Purpose:

DISA has been directed to implement a new accounting system that is compliant with the Joint Financial Management Improvement Plan (JFMIP).

DISA is working with the OSD Business Management Modernization Program (BMMP)/Accounting and Finance Domain and the Air Force to select and implement a Commercial off the Shelf (COTS) Software product that will replace DISA's existing accounting systems (WAAS, FAMIS-CS and FAMIS-TSEAS). The Air Force established the Defense Enterprise Accounting and Management System (DEAMS) Program Management Office to oversee the acquisition.

Current Deficiency and/or Problem:

The OMB/DOD mandated audit of DISA's financial statements identified material weaknesses in DISA's accounting system that must be corrected. DISA must implement a new accounting system in order to meet the President's Management Agenda for Financial Management Improvement that specifically requires: 1) financial management systems meet federal financial management system requirements and applicable federal accounting and transaction standards; 2) accurate and timely financial information; 3) integrated financial and performance management systems supporting day-to-day operations; and 4) unqualified and timely audit opinion on the annual financial statements; no material internal control weaknesses reported by the auditors.

B. TSEAS/February 2005   **C. EP0001   Automated Workflow**   **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Automated Workflow	1	$4,025.00	$4,025.00	1	$693.00	$693.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	1	$4,025.00	$4,025.00	1	$693.00	$693.00	0	$0.00	$0.00	0	$0.00	$0.00

Description and Purpose:
The proposed Automated Workflow Management (AWM) system will provide DISA managers and leadership with the ability to monitor/manage the provisioning subprocesses down to the individual order. It will establish a capability to measure service delivery performance and to compare the measurements against the target elapsed times for both the entire process and for individual steps. The AWM system will automate the day-to-day management and escalation of individual orders, resulting in a smoother, more consistent execution of the service delivery process. It will also provide the metrics senior management requires to make informed business decisions and to develop process improvements.

Current Deficency or Problem:
The process for providing customers new communications services is not as timely as necessary and managing the process is difficult due to the lack of automated tracking information. In the current environment, customers need quick turnaround to service requests. The Automated Workflow Management System will enable provisioning managers to better monitor the status of and timelines for provisioning actions. The process will provide visibility to information that is currently unavailable and will improve productivity through accountability.

Impact:
Without the investment, the Telecommunications Services capabilities to provision timely the increasing number of service requests will degrade.

B. TSEAS/February 2005

C. TO0001   2nd & 3rd Wing Enclosure

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
2nd & 3rd Wing Enclosure	1	$750.00	$750.00	2	$375.00	$750.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**1**	**$750.00**	**$750.00**	**2**	**$375.00**	**$750.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Description and Purpose:
The enclosure of these wings, will add approximately 8,000 square feet to the existing facility. Estimating this cost based on the current enclosure project, it is estimated that two more enclosures could be designed and constructed with a total cost of $750,000.00.

Current Deficiency or Problem:
As a result of the Scott AF Base decision to relocate the Education Center from Building 3189 to another facility on Base in late FY 04, DISA CONUS secured the empty space vacated by the Education Center to house its employees currently located in Building 3190. Although the DISA CONUS planned for known growth in FY02/03, recent changes to mission requirements increased DISA CONUS' space requirements. With the significant increases in mission and manning at the DISA CONUS over the next two years, as planned by HQ DISA, obtaining this additional office space in Building 3189 is still not sufficient to meet the organization's physical space requirements. In order to secure the additional office space required, the DISA CONUS will be enclosing the space between two more sets of wings within the existing Building 3189 infrastructure.

Impact:
Without the funding to support this requirement, approximately 75 people would need to be located in another facility, causing degradation of mission integrity as direct, face-to-face contact would be missing, thus seriously impacting mission capability. It is not an option to leave these personnel in building 3190 because of the decaying condition of that building. The reason for relocating missions to the CONUS-RNOSC in the first place was to gain cohesiveness and direct oversight.   There would also be an impact on the Base, as they would not be able to move DISA CONUS employees out of Building 3190 and demolish the condemned building as scheduled.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2005

C. TO0002   Command Section VTC Room

D. Defense Information Systems Agency

Element of Cost	FY 2004 Quantity	Unit Cost	Total Cost	FY 2005 Quantity	Unit Cost	Total Cost	FY 2006 Quantity	Unit Cost	Total Cost	FY 2007 Quantity	Unit Cost	Total Cost
Command Section VTC Room	0	$0.00	$0.00	1	$175.00	$175.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	0	$0.00	$0.00	1	$175.00	$175.00	0	$0.00	$0.00	0	$0.00	$0.00

Description and Purpose:
Outfit a dedicated video teleconference studio at Scott AFB, the primary DISA activity providing continental United States network management and provisioning, to support increased DISA and customer usage of video teleconferencing.

Current Deficiency or Problem:
Currently the site has one dedicated video teleconference studio and one portable video teleconference unit. The dedicated studio also serves as a conference room which currently services 476 employees. Morning Standup is conducted daily and requires approximately 1.5 hours. Regularly scheduled video teleconferences, in support of the Coalition Provisional Authority/CSO C2, Global Information Grid Bandwidth Expansion (GIG-BE), Internet Protocol CORE, QRR, IPR etc., requires an additional 1-3 hours daily. Non video conferences take up the remainder of the day. With constant contention between video teleconferences, teleconferences and meeting places, the utilization of the video teleconference studio at DISA CONUS is in excess of 100%; therefore, the Community of Interest (COI) has no access even though numerous requests are received on a regular bases. The portable video teleconference unit supports our Defense Information Systems Network-Video Services and is housed in a separate building; thus, availability of this unit to the general employee population is limited. Future growth at the site entails a 29% growth in employee population during FY05 and an additional 9% increase during FY06. The projected increase in mission responsibilities for the organization at this site is significant. DISA CONUS will assume management responsibilities for the classified, SIPR and unclassified, NIPR networks, the Advanced Defense Switched Network Integrated Management Support System and GIG-BE. Based upon increased mission responsibility, and the need to satisfy some of the requests for video teleconferencing services by COI, DISA CONUS has a dire need for increased video conferencing capability.

Impact:
Without adding another dedicated video teleconference studio, COI will continue to not be serviced while coordination/management of the new mission responsibilities will be cumbersome with a marked increase in TDY.

Exhibit Fund-9b, Business Area Capital Investment Justification

Activity Group Capital Investment Justification   A. President's Budget
($ in thousands)

B. TSEAS/February 2005   C. TO0005   UPS System for Command Section   D. Defense Information Systems Agency

| | FY 2004 | | | FY 2005 | | | FY 2006 | | | FY 2007 | | |
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
UPS System for Command Section	0	$0.00	$0.00	0	$0.00	$0.00	1	$450.00	$450.00	0	$0.00	$0.00
Total	0	$0.00	$0.00	0	$0.00	$0.00	1	$450.00	$450.00	0	$0.00	$0.00

Description and Purpose:
Requirement is for an electrical survey, purchase and installation of a stand alone 100 to 225 KVA, 3 phase Uninterrupted Power Source, with 30 minute backup capability, to include a diesel generator which will be no greater than 400KW with a 24 hour runtime capability.

Current Deficiency or Problem:
The DISA CONUS Command Suite requires the capability to continue to be operational during scheduled and/or unscheduled power outages. The Command and Control function of the DISA CONUS Command Suite is vital to the support of the warfighter, thus requiring the availability of an uninterrupted power source not simply for its day-to-day operations, but also when the need arises to respond to real world contingencies. This requirement is necessary not just as a back-up for/to the National Capital Region, but also for worldwide Communication Command Center Control and Assessments. DISA CONUS is in the process of moving the Command Suite from its current location to a newly renovated wing within its facility. Also included in this section is the DISA CONUS Video Tele Conference Network System. During a real world emergency contingency, this area could be utilized as an Operations Control Center required to house a minimum of 40/50 personnel to manage such an operation.

Impact:
The limitations of the existing backup power systems are at or near capacity, and therefore, will not be able to handle the electrical power load of the Command and Control function of the DISA CONUS Command Suite.

B. TSEAS/February 2005   **C. TO0006   Expand Bldg 3189 Northwest Parking Lot**   **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Expand Bldg 3189 Northwest Parking Lo	0	$0.00	$0.00	0	$0.00	$0.00	1	$350.00	$350.00	0	$0.00	$0.00
Total	0	$0.00	$0.00	0	$0.00	$0.00	1	$350.00	$350.00	0	$0.00	$0.00

Description and Purpose:
Engineer and expand building 3189's northwest parking lot to provide required "stand-off" parking and pave the lot's gravel access road. "Stand-off" parking will dissipate/mitigate the blast affect of any vehicular explosive device directed against the facility. This physical security site improvement will meet the Security System Level requirements of DoD 5200.8-R, Physical Security Program and antiterrorism requirements of DoDI 2000.16, DoD Antiterrorism Standards and Unified Facilities Criteria (UFC) 4-010-01, DoD Minimum Antiterrorism Standards for Buildings.

Current Deficiency or Problem:
As the primary DISA Continental United States Information Systems network management control center and provisioning center, the activity must strive for security measures that prevent likelihood of interference with the mission through terrorist attack. The existing parking lot, does not meet the Security System Level requirements of DoD 5200.8-R, Physical Security Program and antiterrorism requirements of DoDI 2000.16, DoD Antiterrorism Standards and Unified Facilities Criteria (UFC) 4-010-01, DoD Minimum Antiterrorism Standards for Buildings.

Impact:
Without the investment, the activity is at greater risk in the event of terrorist attack and the CONUS network management and provisioning function is at risk.

B. TSEAS/February 2005

C. TO0007   Earthen Berms

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Earthen Berms	0	$0.00	$0.00	0	$0.00	$0.00	0	$0.00	$0.00	1	$300.00	$300.00
Total	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**1**	**$300.00**	**$300.00**

Description and Purpose:
Engineer and provide earthen berms adjacent to building 3189's west, east, and south perimeter walls. Berms will dissipate/mitigate the blast affect of any explosive device directed against the facility. This physical security site improvement will meet the Security System Level requirements of DoD 5200.8-R, Physical Security Program and antiterrorism requirements of DoDI 2000.16, DoD Antiterrorism Standards and Unified Facilities Criteria (UFC) 4-010-01, DoD Minimum Antiterrorism Standards for Buildings.

Current Deficiency or Problem:
The surrounding landscape is flat and open field. The building has no natural barriers to protect it from an explosive blast. The facility does not meet the requirements of DoD 5200.8-R, Physical Security Program and antiterrorism requirements of DoDI 2000.16, DoD Antiterrorism Standards and Unified Facilities Criteria (UFC) 4-010-01, DoD Minimum Antiterrorism Standards for Buildings.

Impact:
Without the investment, the activity is at greater risk in the event of terrorist attack and the CONUS network management and provisioning function is at risk.

B. TSEAS/February 2005   C. TO0008   Building Exterior Enhancement   D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Building Exterior Enhancement	0	$0.00	$0.00	0	$0.00	$0.00	0	$0.00	$0.00	1	$150.00	$150.00
Total	0	$0.00	$0.00	0	$0.00	$0.00	0	$0.00	$0.00	1	$150.00	$150.00

Description and Purpose:
Engineer and provide decorative stone facing and graded landscaping to blast proof building 3189's perimeter walls. The stone facing will dissipate/mitigate the blast affect of any explosive device directed against the facility. This physical security site improvement will meet the Security System Level requirements of DoD 5200.8-R, Physical Security Program and antiterrorism requirements of DoDI 2000.16, DoD Antiterrorism Standards and Unified Facilities Criteria (UFC) 4-010-01, DoD Minimum Antiterrorism Standards for Buildings.

Current Deficiency or Problem:
The facility does not meet the requirements of DoD 5200.8-R, Physical Security Program and antiterrorism requirements of DoDI 2000.16, DoD Antiterrorism Standards and Unified Facilities Criteria (UFC) 4-010-01, DoD Minimum Antiterrorism Standards for Buildings.

Impact:
Without the investment, the activity is at greater risk in the event of terrorist attack and the CONUS network management and provisioning function is at risk.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2005

C. TS0001 JHITS

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
JHITS	1	$9,664.00	$9,664.00	0	$0.00	$0.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	1	$9,664.00	$9,664.00	0	$0.00	$0.00	0	$0.00	$0.00	0	$0.00	$0.00

Description and Purpose:
Joint Hawaii Information Transfer System (JHITS) offers a full range of local, long distance and on-base voice, video, data and transmission end-to-end services for the Military Departments (MILDEPs) in the Hawaiian Islands over the operational continuum of peace, emergency, and war. It provides critical interfaces to the global 13.1.1.3☐ Defense Switched Network (DSN), and the 13.1.2.2 Defense Red Switch Network (DRSN) networks, as well as to tactical systems and allied forces. JHITS will improve service, survivability, and lay a foundation for IP migration. The investment will upgrade the current HITS switches to be technologically current and in a lower cost configuration for lifecycle O&M; purchase the HITS switches software right to use (RTU) at a reduced price, and refurbish a Wheeler AAF and Pearl Harbor facility for survivability reasons to be the future location of the JHITS vendor-operated network management centers. On December 23, 2004, the ASD (NII) OIPT recommended approval of JHITS. This approval gives us the authority to begin the acquisition process.

Current Deficiency and/or Problem:
o Lucent Switching Software: The switching software right to use (RTU) is a one-time fee for the basic core switching capability.
o Network Upgrade of Existing Infrastructure: This a critically needed upgrade to bring the network up to current specifications and to replace the aging hardware and software. This upgrade is necessary to avoid the risk and cost of operating infrastructure that is no longer vendor supported. This conclusion has been validated by an independent assessment by the DISA that found this strategy to be the best solution for meeting requirements and providing a foundation for future technology migration.
o Facilities Refurbishment, Transition, Network Management System & Transmission Installation: The current HITS operations center facility is located on a vulnerable, non-military site that was chosen before PDD 63 and the threat of terrorist attack was identified. To comply with PDD 63 and mitigate this risk, an investment is required for enhancements to existing buildings to support the new network management centers, and call attendant facilities.

Impact: Aging infrastructure and equipment will not be supported and additionally be vulnerable to terrorist attack.

B. TSEAS/February 2005 C. TS0002 CONUS Multi-function switch upgrade   **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
CONUS Multi-function switch upgrade	1	$40,000.00	$40,000.00	0	$0.00	$0.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**1**	**$40,000.00**	**$40,000.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Description and Purpose:
This project will replace the current Defense Switched Network (DSN) backbone switches that are provided by MCI WorldCom switches (part of the MCI bandwidth manager contract that ends in August 2005. The replacement will be implemented with a more survivable government owned network by upgrading twelve Continental United States (CONUS) Military Department End Office Switches to become DSN Multifunction switches. Backbone connectivity will be obtained from the Defense Information System Network (DISN) to maximize the benefits from the Global Information Grid Bandwidth Expansion (GIG-BE) effort, which is expected to reach Full Operational Capability in CONUS by FY 2006. On December 23, 2004, the ASD (NII) OIPT recommended approval of the CONUS Multi-function switch upgrade. This approval gives us the authority to begin the acquisition process.

Current Deficiency and/or Problem:
The CONUS portion of the DSN backbone is currently provided through a lease arrangement with MCI WorldCom. The current lease is in option year four of six option years awarded with the original contract, with the final option year ending in August 2005. The pending expiration of this contract afforded the opportunity to evaluate alternatives to provide the current service levels with improved survivability, and to position the CONUS network to accommodate migration to Voice over Packet (VoP) technology once that technology is certified by the Joint Interoperability Test Command (JITC) and accredited by the DSN Designated Approval Authority (DAA).

Impact:
More cost effective alternatives to current lease will not be explored.

B. TSEAS/February 2005

C. TS0003   Signal Transfer Points

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Signal Transfer Points	0	$0.00	$0.00	1	$2,720.00	$2,720.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$2,720.00**	**$2,720.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Description and Purpose:
The purpose of this project is to provide the network management controls necessary to meet CJCSI 6215.01B requirements to provide assured service under 25% surge conditions. Only Signaling System Seven (SS7) supports all network management controls such as "cancel to" and "cancel from"-which ensure non-blocking for Flash/Flash Override and Grade of Service (GOS) 0.2 for Immediate/Priority (I/P) under 100% precedence surge under damage conditions. It will also provide the performance measurement necessary to meet CJCSI 6215.01B and manage network costs. Only SS7 supports all backbone trunk performance measurements to ensure responsive service in crisis and cost effective service in peacetime. It will allow regionalization of operator services for Defense Switched Network (DSN) as required by Multi-Level Precedence and Preemption and provide number portability to Tactical Users and Naval Vessels. It will support end-to-end Integrated Services Digital Network (ISDN) as required by CJCSI 6215.01B in support of SecureCom/Video Teleconferencing (VTC) requirements enabling Secure Telephone Equipment (STE's) and video-teleconferencing, which is only possible via SS7 backbone and BRI/PRI access. It will enable DSN to emulate commercial communication/signaling models to optimize cost-avoidance and improve quality of DSN inter-switch trunks while increasing DSN inter-switch signaling speed throughout Europe.

Current Deficiency and/or Problem:
The operational design of the current 4-STP configuration of network in Europe is not a fully integrated SS7 network. Instead, the network in Europe consists of SS7 islands. As such, it does not support the end-to-end ISDN required for modern, expanded bandwidth voice, video, and data applications. The primary application requiring end-to-end ISDN connectivity is the Secure Telephone Equipment (STE). The STE was developed to operate primarily as an ISDN terminal with an analog fallback capability. Without ISDN connectivity, the STE has proven to be unreliable, directly impacting command and control communications. In addition, VTC capability is not possible without end-to-end ISDN.

Impact:
STE will continue to be unreliable and video conferencing will not be possible.

Exhibit Fund-9b, Business Area Capital Investment Justification

B. TSEAS/February 2005 **C. TT0004 Pac Transmission Tech Refresh** **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Pac Transmission Tech Refresh	0	$0.00	$0.00	1	$7,280.00	$7,280.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	0	$0.00	$0.00	1	$7,280.00	$7,280.00	0	$0.00	$0.00	0	$0.00	$0.00

Description and Purpose:
The first choice for meeting DOD telecommunications requirements is the use of Defense Information System Network (DISN) common user services. When DISN common user services are not capable of meeting customer requirements, then DISN transport networks will be the next means used to satisfy the customer requirement of which the DISN Transmission Pacific (TRN-P) is one. The Pacific DISN will continue to grow and migrate to larger backbone infrastructure between FY 05 - FY 11 to satisfy increasing DISN service requirements.

Current Deficiency and/or Problem:
 The TRN-P program is requirements driven, and in order to satisfy emerging requirements and remain compatible with commercial standards the program must continually implement new and refresh existing technologies. The Pacific command has a network security requirement that requires the DISN to bulk encrypt the entire transport network. This results in a costly challenge since for each upgrade in bandwidth a new encryption device is required. As the bandwidth increases the encryption devices become more costly.

Impact:
DISN backbone structure will not meet common user services customer demand.

B. TSEAS/February 2005   **C. TT0006   CONUS Multiplexer ScreamLink Units**   **D. Defense Information Systems Agency**

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
CONUS Multiplexer ScreamLink Units	0	$0.00	$0.00	1	$800.00	$800.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	0	$0.00	$0.00	1	$800.00	$800.00	0	$0.00	$0.00	0	$0.00	$0.00

Description and Purpose:
The Transport network in Continental United States (CONUS) is transforming to an Asynchronous Transfer Mode (ATM) based network from a commercial lease based net-centricity service for transformational customers. These initiatives are part of the technology transformation in the delivery of services to the war fighter and are required as part of ASD/NII architecture for the future. This capital procurement will be used to transition from the existing network to an enhanced network. The purchase of StreamLink (SCLX) equipment along with the purchase of fiber each year, a segmented approach for the next 5 years, will enable CONUS to meet the Assistant Secretary of Defense, Networks and Information Integration (ASD/NII)'s vision of taking bandwidth out of the equation for communications in the future.

Current Deficiency and/or Problem:
The GIG-BE program is connecting only 10% of the existing installations in CONUS together. This capital procurement will start expanding this technology to the remaining enduring sites in CONUS at a rate of five per year. Currently the DISN uses legacy equipment and low bandwidth leases to provide service to the sites being upgraded. These sites will require the installation of optical transport system (OTS) terminals, Optical Digital Cross Connect (ODXC) nodes, bulk encryption and Multi Service Provisioning Platform (MSPP) interface units to properly interface all requirements into DISN. DISA will also have to procure fiber from each site back to the existing DISN fiber network that exists in CONUS. This new DISN standard utilizes high capacity routers and fiber to interconnect existing bases in CONUS and OCONUS locations. The ASD vision to take bandwidth out of the equation or optimize communications support is the driving force for purchasing this new equipment and the fiber.

Impact:
ASD/NII's vision will not be met concerning optimization of communications support.

B. TSEAS/February 2005

C. TT0008   SWA New Sys Initiatives

D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWA New Sys Initiatives	0	$0.00	$0.00	1	$3,450.00	$3,450.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$3,450.00**	**$3,450.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Description and Purpose:
The Transport network in Southwest Asia is transforming from an Asynchronous Transfer Mode (ATM) based network to an Internet Protocol based net-centricity service for transformational customers. These initiatives are part of the technology transformation in the delivery of services to the war fighter and are required as part of Assistant Secretary of Defense Networks and Information Integration (ASD/NII) architecture for the future. This capital procurement will be used to transition from the existing network to an enhanced network. The purchase of Multi Service Provisioning Platform (MSPP), Optical Digital Cross Connect (ODXC) and Optical Transport System (OTS) equipment is a segmented approach for the next 5 years, and will enable the Central Command (CENTCOM) theater to meet the ASD/NII's vision of taking bandwidth out of the equation for communications in the future. The new equipment will be installed at two sites in Southwest Asia.

Current Deficiency and/or Problem:
Currently the Defense Information System Network (DISN) uses legacy equipment and low bandwidth leases to provide service to the sites being upgraded. These sites will require the installation of ODXC nodes; bulk encryption and MSPP interface units to properly interface all requirements into DISN. The ASD vision to take bandwidth out of the equation or optimize communications support is the driving force for purchasing this new equipment.

Impact:
ASD/NII's vision to optimize communications support will not be met. Without these funds the CENTCOM AOR will not be able to comply with ASD/NII directives.

Activity Group Capital Investment Justification　　　　　A. President's Budget

($ in thousands)

B. TSEAS/February 2005　　　　C. TT0019　Europe Transmission Expansion　　　　D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Europe Transmission Expansion	0	$0.00	$0.00	1	$24,200.00	$24,200.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	0	$0.00	$0.00	1	$24,200.00	$24,200.00	0	$0.00	$0.00	0	$0.00	$0.00

Description and Purpose:
The Transport network in Europe is transforming from an Asynchronous Transfer Mode (ATM) based network to an Internet Protocol based net-centricity service for transformational customers. These initiatives are part of the technology transformation in the delivery of services to the war fighter and are required as part of ASD/NII architecture for the future. This capital procurement will be used to transition from the existing network to an enhanced network. The purchase of Multi Service Provisioning Platform (MSPP), Optical Digital Cross Connect (ODXC) and Optical Transport System (OTS) equipment along with the purchase of fiber (unused fiber-optic cable) each year, provides a segmented approach for the next 5 years, and will enable the European theater to meet the ASD/NII's vision of taking bandwidth out of the equation for communications in the future. This program will install the new technology equipment at new locations in the United Kingdom and Germany. Along with this equipment fiber will be purchased to interconnect these sites to the existing Defense Information System Network (DISN) fiber network in Europe. The program will also start to refresh its existing equipment with technology upgrades of hardware and software to ensure that the transmission backbone continues to meet the war fighter's needs until it is deactivated or replaced by new technology.

Current Deficiency and/or Problem:
Currently the DISN uses legacy equipment and low bandwidth leases to provide service to the sites being upgraded. These sites will require the installation of OTS terminals, ODXC nodes, bulk encryption and MSPP interface units to properly interface all requirements into DISN. DISA will also have to procure fiber from each site back to the existing DISN fiber network that exists in Europe. This new DISN standard utilizes high capacity routers and fiber to interconnect existing bases in Continental United States and Out of Continental United States locations.

Impact:
Failure to resource this will prevent compliance with directed technology refreshment cycles.

B. TSEAS/February 2005   C. TV0001   Supplement DVS-G Bridge with mini-hubs   D. Defense Information Systems Agency

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Supplement DVS-G Bridge with mini-hut	1	$13,808.00	$13,808.00	0	$0.00	$0.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	1	$13,808.00	$13,808.00	0	$0.00	$0.00	0	$0.00	$0.00	0	$0.00	$0.00

Description and Purpose:
The $13.8M authorized for FY04 will be utilized to procure small scale "mini-hubs" at selected Combatant Commands to improve assured service delivery, offload the demand for DISN Video Secure Global (DVS-G) hub services that are close to saturation and operating manufacturer discontinued equipment, and provide Internet Protocol (IP) gateway services posturing the DVS program for IP convergence and IP V.6 implementation in FY08. The acquisition of the mini-hubs, which will be co-located with the Combatant Commands (COCOMs), will enable the DISN Video Services program to provide assured service to the COCOMs, and posture the program for Net centric Internet Protocol based service exploiting the facilities and functionality inherent in the Global Information Grid.

Current Deficiency and/or Problem:
Defense Information System Network (DISN) Video Services is currently provided though a service contract with AT&T that will expire in April 2005. AT&T provides complete hub service through five hubs located at Dranesville, VA in AT&T facilities and in government facilities at San Diego, CA, Fort McPherson, GA, Vaihingen, GE and Wahiawa, HI. When the contract expires, the government will be without equipment to perform video conferencing services. Continuation of the current service contract is not considered a viable option since it will reach the end of its FAR life span in February 2007. Also, due to the expanding requirements for global Video teleconferencing operations, the current contract would no longer be viable in the future. It does not provide the flexibility necessary to expand the system nor provide quick response/ on demand video teleconferences that are required by the Combatant Commands (COCOMS). Currently the vendor owns all of the hub equipment, the NOC operates as a proprietary system, and the vendor provides supporting services to the rapidly antiquating systems. The alternative, to deploy a government owned, contractor operated service directly to the COCOMS would provide the required service, and provide the capability to migrate to an IP based system with expandable capacities.

Impact:
Failure to resource this will prevent providing Combatant Commands adequate service delivery as well as phase out antiquated equipment.

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2005
(Dollars in Millions)

Projects on the FY 2006/2007 President's Budget

FY	Approved Project	2005 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	Asset/Deficiency	Explanation
FY 2005	Telecom Inventory & Billing Application	1.304	0.000	1.304	1.010	0.295	
	Enterprise Business Modernization	9.500	0.000	9.500	10.495	(0.995)	
	Automated Workflow	0.693	0.000	0.693	0.693	0.000	
	Telecom Services Management	0.000	0.000	0.000	0.000	0.000	
	Router Deployment	0.000	0.000	0.000	0.000	0.000	
	IP Core Network Expansion	0.000	0.000	0.000	0.000	0.000	
	2nd & 3rd Wing Enclosure	0.000	0.000	0.000	0.750	(0.750)	
	Command Section VTC Room	0.000	0.000	0.000	0.175	(0.175)	
	HVAC & Electrical Upgrade for RNOSC	0.000	0.000	0.000	0.000	0.000	
	JHITS	4.428	0.000	4.428	0.000	4.428	
	CONUS Multi-function switch upgrade	18.700	0.000	18.700	0.000	18.700	
	Signal Transfer Points	2.720	0.000	2.720	2.720	0.000	
	Digital Comm. Multi. Equipment	9.750	0.000	9.750	0.000	9.750	
	Major Upgrades/Technology Refresh	0.000	0.000	0.000	0.000	0.000	
	Timing and Synchronization	4.500	0.000	4.500	0.000	4.500	
	Pac Transmission Tech Refresh	0.000	0.000	0.000	7.280	(7.280)	
	CONUS Multiplexer ScreamLink Units	0.000	0.000	0.000	0.800	(0.800)	
	SWA New Sys Initiatives	0.000	0.000	0.000	3.450	(3.450)	
	Europe Transmission Expansion	0.000	0.000	0.000	24.200	(24.200)	
	Supplement DVS-G Bridge with mini-hubs	0.000	0.000	0.000	0.000	0.000	
	Total FY 2005				51.573		

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499	4	1.3	3	0.9	3	1.1	4	0.8
REP 000	Replacement	4	1.3	3	0.9	1	0.2	3	0.4
PRD 000	Productivity					2	0.9	1	0.4
NEW 000	New Mission								
	EQUIPMENT (Non ADP/T) $0.5 to $0.999	0	0.0	0	0.0	0	0.0	0	0.0
REP 100	Replacement								
PRD 100	Productivity								
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over	2	3.4	2	2.9	1	12.5	2	15.1
REP 200	Replacement			1	1.5	1	12.5	1	12.5
PRD 200	Productivity	2	3.4	1	1.4			1	2.6
NEW 200	New Mission								
	TOTAL EQUIPMENT (Non ADP/T)	6	4.7	5	3.8	4	13.6	6	15.9
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499	13	4.1	14	4.2	10	1.8	16	4.1
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999	1	0.5	3	2.2	9	6.3	2	1.4
ADP 200	ADP/T EQUIPMENT $1.0 and Over	2	6.4	1	4.6	2	7.9		
	TOTAL EQUIPMENT (ADP/T)	16	11.0	18	10.9	21	16.0	18	5.6
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499		1.0		0.2		0.6		0.8
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999		2.4		3.2		1.6		2.2
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over		147.9		167.0		176.2		84.3
	TOTAL SOFTWARE DEVELOPMENT		151.3		170.4		178.4		87.3
RPM 000	MINOR CONSTRUCTION		30.3		30.9		29.0		28.9
	TOTAL AGENCY CAPITAL INVESTMENTS	22	197.2	23	216.1	25	237.0	24	137.6
	Total Capital Outlays		244.3		215.8		208.2		147.2
	Total Depreciation Expense		65.5		128.8		144.0		156.5

NOTE: FY04 Total Agency Capital Investments reflect FY04 projects only. Does not include prior year adjustments.

		A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)		**Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description Replacement/Productivity Equipment < $1M	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non ADP Equipment Total REP/PRD 000	4	320.5	1,282	3	305	915	3	376.7	1,130	4	210.5	842

Narrative Justification:

These investments include replacement of existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancements standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. This program includes productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment are met. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

FY 2006: Defense Supply Center Richmond (DSCR), Front End Loader and Audio Visual System; DLA Headquarters, Communication System.

FY 2007: DSCR, HAZMAT Response Truck and Wrecker Truck; Defense Supply Center Columbus (DSCC), Unit Length Measuring Machine; DLA Headquarters, Communication System.

Activity Group Capital Investment Justification (Dollars in Thousands)													A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description REP 200 Replacement Equipment $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-01 Chiller (DSCR)				1	1,500	1,500						

Narrative Justification:

The existing chiller is only intended to provide cooling for the computer equipment and communications vault at buildings 33, L section and hence has been classified as equipment instead of real property. The chiller system is critical for the emergency backup required for the Continuity of Operations Plan (COOP) also. The systems supported are critical to continuing Defense Supply Center Richmond (DSCR) operations that include maintaining all data pertaining to weapon systems required by the services, hazardous materials, national stock number clearinghouse, and telephone system. In the future, this computer system will be required to keep the Business System Modernization (BSM) program functioning at DSCR. The components of the chiller system are all 1987 models and have exceeded their life expectancy. Various options for the replacement of the chiller system, which consists of three refrigeration units and eleven air-handlers were considered. Leasing was one of the options considered, but it is not a viable one due to unique installation configuration and operating demand of the equipment. Failure to replace the chiller in FY 2005 will increase the probability that the computer systems will not be available for the DSCR personnel for extended periods of time resulting in degradation of customer support.

The discounted payback for this project is 2.3 years and the savings to investment ratio is 4.0

		Activity Group Capital Investment Justification (Dollars in Thousands)								A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005			C. Line Number & Item Description REP 200 Replacement Equipment $1.0 and Over							D. Activity Identification		
Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non ADP Equipment REP 200-02 Automated Tank Gauging Systems / Automated Fuel Handling Equipment (AFHE)							1	12,500	12,500	1	12,500	12,500

Narrative Justification:

There are more than 500 fuel terminals worldwide for which DLA is the DoD Executive agent. In all of these terminals there are various types of fuel tanks, each with Automated Tank Gauges (ATG) to measure and monitor the fuel level in the tanks. In addition, these gauges have connectivity to the Business Systems Modernization (BSM) Energy system, which will capture all the data with regard to fuel in the tank and maintain accurate inventory records. The various Service Stations in DoD facilities have equipment to capture the quantity of fuel dispensed and also have connectivity to the same BSM Energy system. The Defense Energy Support Center (DESC) plans to replace all of this equipment beginning in FY 2006 through FY 2008. There is an on-going study expected to be complete by February 2005 that will provide final recommendations with regards to the type and corresponding sites where AFHE will be installed. It is anticipated that the total Non-ADP Equipment capital funding required for the three fiscal years will be approximately $37.5 M.

<table>
<tr><td colspan="2" rowspan="2" style="text-align:center">Activity Group Capital Investment Justification
(Dollars in Thousands)</td><td>A. Budget Submission
Fiscal Year (FY) 2006/FY 2007 Budget Estimates</td></tr>
</table>

		A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**
Activity Group Capital Investment Justification (Dollars in Thousands)		

B. Component/Activity Group/Date   Defense Logistics Agency
Supply Management Activity Group   February 2005

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non ADP Equipment Total PRD 200 Automated Fuel Handling Equipment (AFHE)	2	1,688	3,375	1	1,400	1,400				1	2,600	2,600

Narrative Justification:

Naval Air Station (NAS) Whidbey Island is made up of two main bases and several outlying facilities. All facilities have the primary purpose of providing facility and training support to aviation units of the U.S. Pacific Fleet. At the two main bases there are four (4) separate fuel storage and issue areas. This project provides an AFHE System which will facilitate remote monitoring and control. NAS Whidbey Island receives all of the stored JP-8 via Navy owned/contractor tugged barges from DFSP Manchester. Product receipts at the fuel pier at the Seaplane Base are typically 500,000 gallons. JP-8 is the largest product volume handled with and average of 1,800,000 gallons issued per month and an estimated 22,000,000 gallons annually.

The FY 2006 AFHE project will include automation of valves, fuel transfer pumps, tank gauging, fuel metering systems, and pipeline instrumentation. As the integral component of the AFHE system, the Supervisory Control and Data Acquisition (SCADA) system will be installed in the site Operations Control Center (OCC). The SCADA system will provide: remote control of fuel transfer operations and alarms in response to abnormal conditions; enhanced capabilities for inventory control and accounting; enhanced leak detection capabilities; remote monitoring and data exchange with the NAS Whidbey Island Fuels Department.

The project has a payback of 6.70 years and the savings to investment ratio of 1.4.

	Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005			C. Line Number & Item Description ADP 000 $0.1 to $0.499							D. Activity Identification			

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 000 ADP Equipment	13	315.5	4,102	14	296.8	4,156	10	180	1,802	16	157.7	4,124

Narrative Justification:
The requirements below are for computer hardware and telecommunications equipment less than $500,000.

FY 2006:
Defense Supply Center Columbus (DSCC) – Storage Area Network (SAN).
Defense Supply Center Richmond (DSCR) – Telecom equipment (buildings 33E), one terabyte, and a Video Teleconferencing (VTC) server.
Defense Logistics Information Service (DLIS) – Voice Mail Replacement.
Defense Automatic Addressing System Center (DAASC) – Servers in support of Integrated Data Environment (IDE).

FY 2007:
Defense Supply Center Columbus (DSCC) – LAN upgrade and Storage Area Network (SAN).
Defense Supply Center Richmond (DSCR) – Telecom equipment (buildings 31A, 33C, D, and F), Video Teleconferencing Server, Rack Mount
  Server.
Defense Logistics Information Service (DLIS) – Voice Mail Replacement.
Defense Automatic Addressing System Center (DAASC) – Logistics Data Gateway (LDG) servers and terabytes in support of Continuity Of
Operations (COOP) initiative.
DLA Headquarters – Servers in support of eWorkplace.

		Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description ADP 100 $0.5 to $0.999	D. Activity Identification

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 100 LAN Upgrade (DSCR)	1	471.4	471.4	3	725	2,175	9	703	6,329	2	721	1,442

Narrative Justification:

The requirements below are for computer hardware and telecommunications equipment from $500,000 to $999,000.

FY 2006:
 - DSCR LAN Upgrade ($533) - Procuring the latest Smartswitch technology and continuing to upgrade LAN connections are necessary at Defense Supply Center Richmond (DSCR) to meet current and future telecommunication demands.
 - DSCC Telecom Copper Reinstallation ($888) - The telecom requirement for the DSCC IT directorate is to provide the DSCC campus with access to Government Federal Telephone Service (FTS) and Defense Switch Network (DSN).
 - DLIS EMall ($900) - The hardware includes web servers, data base servers, and storage devices to support EMall transaction volume growth.
 - Pre-Planned Product Improvement (P3I) ($1,500) – Two severs are required to support the BSM Energy development and operational environments, which will be an augmentation to the existing Business Systems Modernization development and business warehouse environments.
 - DAASC Electronic Business ($1,250) - Replace the EBus infrastructure with two HP RP8400 platforms supported by at least four GigaByte (GB) of memory per platform. In addition, purchase four TeraBytes (TB) of Direct Access Storage Device (DASD).
 - DAASC Logistics On-line Tracking System (LOTS) ($1,258) - replace the LOTS and Historical Archive servers with no less than HP RP8400 platforms, supported by at least eight GB of memory per platform. In addition, purchase two Terabytes (TB) of Direct Access Storage Device (DASD).

FY 2007:
 - DSCR LAN Upgrade ($542) - Procuring the latest Smartswitch technology and continuing to upgrade LAN connections are necessary at Defense Supply Center Richmond (DSCR) to meet current and future telecommunication demands.
 - DLIS Emall Equipment ($900) - The hardware includes web servers, data base servers, and storage devices to support transaction volume growth.

<table>
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(Dollars in Thousands)</td><td>A. Budget Submission</td></tr>
<tr><td>Fiscal Year (FY) 2006/FY 2007 Budget Estimates</td></tr>
</table>

Activity Group Capital Investment Justification (Dollars in Thousands)			A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**
B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005		C. Line Number & Item Description ADP 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>ADP 200</u> BSM Hardware	1	2,488	2,488	1	4,600	4,600	1	2,515	2,515			

Narrative Justification:

The Business Systems Modernization (BSM) Program's development infrastructure requires capital funding for a Superdome (RP8620) mid-tier server to support the roll-out of BSM to the remainder of the Defense Logistics Agency (DLA) in FY 2006. This BSM development infrastructure requirement is included in the BSM Program's Economic Analysis. Return-on-investment (ROI) has been calculated for each of the BSM releases, and the ROI for the total program is 1.52 and payback will occur in FY 2009, as documented in the May 2003 Economic Analysis based on future costs and expected mission area benefits of inventory and personnel reductions. The Economic Analysis and ROI calculation will be updated as part of the program documentation updates for the Full-Rate Production Decision Review.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005					C. Line Number & Item Description ADP 200 $1.0 and Over					D. Activity Identification		

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200 DSCC LAN Upgrade							1	5,366	5,366			

Narrative Justification:

The FY 2006 upgrade will replace or upgrade existing network switches in all communication closets and upgrade the network routers with equipment that is 30% faster and has port capacity that is one third greater. It will augment the fiber infrastructure plant with additional single mode fiber to all required DSCC outbuildings. This increased capacity provides DSCC the ability to have alternate path backup for critical backbone resources. The FY06 LAN upgrade will improve hardware and software security levels of DSCC switching equipment. The new equipment will be capable of managing to the port level on all network switches. All new hardware installed in the LAN upgrade will adhere to the 802.1X standard. DSCC has installed an independent and secure LAN to support an upgrade of the Center's physical security systems projects. This physical security LAN will be included in the FY 2006 LAN upgrade. The LAN upgrade project will also support upgrading the DLA Human Resources, Customer Support Office-Columbus, and DLA Training Center switching closets with new equipment. New switching equipment, fiber and patch panels will standardize and improve network efficiency and support to their functional users and customers.
The Benefit Investment Ratio (BIR) is 1.62.

	Activity Group Capital Investment Justification (Dollars in Thousands)											A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 000 $0.1 to $0.499	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 000 Supply Software Development Initiatives			435			200			303			571

Narrative Justification:

The Hazardous Material Information Resource System (HMIRS) is a Commercial Off The Shelf (COTS) package with an extensive customer base including Shell chemical, Exxon Mobile, Chevron Phillips, and 3M. Whenever a system change is unique to one of the activities; extensive testing and deployment activities occur to cover testing of Oracle and SQL database because the application can reside on either. All funding in FY 2006 and 2007 is for System Change Requests in excess of $100,000.

				A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

Activity Group Capital Investment Justification (Dollars in Thousands)				
B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005		C. Line Number & Item Description SWD 100 $0.5 to $0.999		D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100-01 Program Budget Reporting System Modification (PBRS)						750			300			

Narrative Justification:

This funding was to be used to establish a web-based capability for DLA's internal database, Program Budget Reporting System (PBRS), that provides a means for all DLA activities (HQ and Field Activities) to generate, view, edit, and coordinate all Program and Budget related documents and exhibits. This database does not feed or interface with any other systems.

Based on direction from OUSD (Comptroller), in response to OMB Circular A-127, we should focus our efforts on using one of the OUSD(C) sponsored accounting and finance systems to meet our needs. Therefore, DLA will evaluate the available systems and, as needed, modify them to meet our requirements.

Return on Investment (ROI) for this effort will be 2.23

		Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005				C. Line Number & Item Description SWD 100 $0.5 to $0.999							D. Activity Identification			

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100-02 Cataloging Re-Engineering System (DLIS)			750			750			750			750

Narrative Justification:

The Cataloging Re-engineering System (CRS) provides DoD with a standard cataloging system that fully supports the centralization of all cataloging functions under DLA responsibility. CRS went into production June 2003 and includes interfaces with Federal Logistics Information System (FLIS), DLA's Business Systems Modernization and the Marine Corps. In addition it will provide interfaces to all of the Service Enterprise Resource Planning (ERP) Systems.   CRS increases the productivity of catalogers and reduces the number of errors in cataloging batch transactions. CRS stores business logic not data. Systems that encapsulate knowledge, rather than merely store data, reduce processing time and free operators to work on the smaller number of transactions that pose more intricate problems and require concentrated operator knowledge to solve. FY 2006 and FY 2007 funding will be used for System Change Requests to support variations in the Air Force and Navy Enterprise Resource Planning (ERP) implementations. The savings for CRS, which includes Air Force and Navy, are $11 million over the cost of investment period, FY 1999-2006, plus yearly savings of $12 million over the status quo in every subsequent year. The Return on Investment is 1.4 and the payback period is 7 years

	A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)	**Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 100 $0.5 to $0.999	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100-03 Apparel Research Network (ARN) Virtual Prime Vendor (VPV)			898			850			830			630

Narrative Justification:

The Apparel Research Network (ARN) Virtual Prime Vendor (VPV) initiative is a supply chain integration system based on a balanced inventory flow replenishment concept. This project will allow the Defense Supply Center Philadelphia (DSCP) to assume the ownership of inventory at Marine, Navy and Air Force Recruit Training Centers (RTCs) and retail clothing stores. This project is essential to the success of the DSCP initiative to take ownership of all retail clothing inventory at RTCs, immediately draw down inventory levels, and maintain optimum inventory control with total asset visibility of the recruit clothing supply chain. The ARN -VPV will provide tools to support every aspect of supply chain management:

Integration - ARN Asset Visibility System through the Virtual Item Manager Interface

Wholesale - Balanced Inventory Flow Replenishment System and Integrated Retail Management (IRM)

Retail – Integrated Retail Management (IRM) and 3-D Full Body Scanning for Recruit Clothing Issues

Manufacturing – ARN Supply chain Automated Processing

The design of the ARN-VPV system is built on a foundation of Commercial-off-the-Shelf Software (COTS) tools and standard web-based technologies. In FY 2000 development began under the Logistics Research and Development (Log R&D) program with the Army RTC's as the prototype. The prototype successfully achieved an overall inventory reduction of $25 million at the 6 Army RTC's. During FY 2006 and FY 2007, it is anticipated that the ARN focus will shift to the Organizational Clothing and Individual Equipment (OCIE) initiative. The ARN's focus is on process improvements at Central Issue Facilities (CIFs), and gaining visibility of Army owned wholesale stock at CIF. In FY 2006, ARN will extend its application to include component suppliers (fabric producers and finishers) focusing initially on the NOMEX family of items. The Nomex supply chain effort will involve the sharing of production and component information between partners in the supply chain; from the end item manufacturers, finishers, weavers, spinners, down to the fiber producer.   Coordination with the BSM implementation team will continue to ensure a smooth transition as new items are added to the transition schedule. The Return on Investment (ROI) is 4.38 with a payback period of 1.29 years.

	A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**
Activity Group Capital Investment Justification (Dollars in Thousands)	

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 100 $0.5 to $0.999	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Learning Management System (LMS)			800			874						

Narrative Justification:

The proposed Learning Management System is an integrated solution that will link the Defense Logistics Agency's (DLA's) workforce development strategy with mission and business objectives, focusing on developing skills required to meet present requirements or future needs. A centralized approach to workforce development planning and delivery will reduce the time and costs to process transactions for course registration, course assessment, and payment to training providers through the use of technology. Centralized management and monitoring of the total training investment would provide improved visibility of investments provided by contractors or others, provide data to assess training effectiveness, and provide measures that link enhanced skills to enhanced mission performance. The effectiveness of the individual development process would improve by defining current and future skills against competency models for each position in DLA, establishing requirements for each job category as a framework for Individual Development Plans (IDP's), providing a standard process and format for developing and tracking IDPs, and outlining development paths appropriate for the employee that are closely tied to work requirements.

	A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)	**Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 100 $0.5 to $0.999	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100-04 Logistics Data Gateway (LDG)												790

Narrative Justification:

This initiative will provide for an alternate location during a catastrophic event or emergency for an extended period of time to carry out Mission Essential Information Technology (IT) Operations and Services. The proposed Logistics Data Gateway (LDG) Continuity Of Operations (COOP) initiative will create a mirror image of LDG at the DAASC western site for complete failover protection in the event of any downtime at either site. This includes additional hardware, software, and professional services. This design will also enhance system performance during normal times, with the workload shared between the two sites. LDG is the exclusive portal for all processed data at DAASC. The LDG provides an integrated source of data to fulfill Component, Headquarters and COCOM level organizations requirements for aggregate logistics data. The LDG is vital, supplying logistics data from a central authoritative source that will support aggregate logistics reporting requirements for the DoD. The LDG initiative supports the needs of DoD customers and provides visibility of the numerous types of formatted data and their associated data elements among the users of the LDG. The FY 2007 investment is for Oracle and locally developed software. The application software will maximize the use of COTS software as well as integrating the unique value added services that DAASC provides to our customer base.

As defined by DLA 3020.70, this initiative will provide for an alternate location during a catastrophic event or emergency for an extended period of time to carry out Mission Essential Information Technology (IT) Operations and Services.

A pre-investment Economic Analysis (EA) was completed in April 2004. The additions that are described within this analysis are required by Federal guidelines, and are not intended to produce a savings, Return On Investment (ROI).

	Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimate**		

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-03 Organizational Clothing and Individual Equipment (OCIE)						4,962						

Narrative Justification:

The Army requested DLA to consider assumption of the Organizational Clothing and Individual Equipment (OCIE) process as a result of an internal Army audit. The current process of ordering, receiving, managing, accounting for, and distributing OCIE is not an Army core competency. Efforts have been ongoing since FY 2000 to identify, not only the most economical system to use, but also one that is flexible and capable of meeting Army deployment requirements. In order to achieve total Defense Supply Center Philadelphia (DSCP)/DLA OCIE management, middleware must be obtained to link the Army Installation Management System (ISM) to DLA's Business Systems Modernization (BSM). This interfacing will provide Total Asset Visibility to facilitate total supply chain management of the identified items.

	A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

Activity Group Capital Investment Justification
(Dollars in Thousands)

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Pre-Planned Product Improvement									30,570			38,675

Narrative Justification:

The approved Blueprint for Business Systems Modernization (BSM) Release 2 will provide the functionality required to run the business, achieve business improvements, and sustain reengineering. In accordance with DoD Directive 5000.1, the BSM Program Manager has started planning for improvements to BSM that will occur during the Operations and Support phase, beyond full operational capability. These improvements include replacing the legacy bolt-on procurement systems: DLA Pre-Award Contracting System, DLA Internet Bid Board System, Procurement Automated Control Evaluation, and Procurement Contracting Officer Modification with the SAP eProcurement module with integration activities starting in FY 2006.

As with BSM, in order to completely address and manage Energy Commodities cradle to grave, additional functions must also be automated, converged, and standardized in BSM Energy.   An EA is planned and will be done in conjunction with the BSM/FAS convergence analysis of alternatives and the chosen alternative will provide improved efficiencies which will enable DESC to process the increased workload associated with the overall DoD energy mission without increases in overall contracting staff. In FY 2006, there is a requirement to support an acquisition and tailoring of an automated contract writing system. This system will facilitate an end-to-end procurement cycle from requirements definition/initiation, solicitation, evaluation, contract award, contract administration and closeout. DLA is assessing Commercial Off The Shelf (COTS) packages to include SAP Supplier Relationship Management (SRM) to determine the overall applicability to the various Energy commodities, to include but not limited to missile fuels, natural gas and electricity.

This funding will also allow DLA to implement the overarching logistics Supply Chain Management/Enterprise Resource Planning (ERP) tool that will provide for the integration of the fuels commodity management with the DLA Business Enterprise Architecture. The DLA Business Enterprise Architecture is based on Commercial-off-the-Shelf software (COTS) and best practices. Establishing one overarching Supply Chain Management/business system will provide a basis for stable and continuous process improvement, one face to all DLA customers and suppliers through consistent technologies that are compliant with the DOD Business Enterprise Architecture. In FY 2005 DLA will have completed the Analysis of Alternatives (AoA) assessment and completed the concept refinement phase. This will enable DLA to receive Milestone A level approval and begin the Concept Development phase with an economic analysis to be completed during the Milestone B phase.   Funds in FY 2006 will be used to develop the blueprint for the necessary RICE (Reports, Interface, Conversions and Extractions) objects to address the Concept Demonstration supply chain integration.   Funds in FY 2007 will be used to complete the RICE Objects and begin introduction of the converged software.

| | Activity Group Capital Investment Justification (Dollars in Thousands) | | | | | | | | | | A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates** | | |

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-02 Common Food Management System (CFMS)			4,339			9,426			18,766			16,807

The Common Food Management System [CFMS] incorporates requirements for Subsistence Total Order and Receipt Electronic System (STORES) NT, STORES Web as well as requirements for the emergent system known formerly as CFMS. The STORES is the automated system that supports ordering of all subsistence items from DLA including prime vendor, market ready, produce, and ration items. STORES NT operates on a PC located in the military dining facility and interfaces with the military services' six different food management systems to exchange order, receipt, and catalog information. STORES Web operates on the Internet for customers who do not need to connect to a legacy system, such as child-care centers.   STORES Web also interfaces to the Services' retail food management systems. It offers the same catalog, order, receipt functionality as STORES NT and is replacing STORES NT as customers gain access to the Web.

 The Retail portion of CFMS [the emergent system],a DLA-financed and DLA-coordinated system, will replace the various military food management systems and STORES NT with a single retail system for the DoD incorporating all food management functions performed by the service legacy systems, in addition to the catalog, order, receipt, and management information currently provided by STORES NT. It will utilize commercial off the shelf software, with some customization to address the special requirements of a system that must operate in peace and in war. CFMS will be the automation tool for total supply chain integration for Class I and will support DLA's role as Executive Agent. CFMS will interface with STORES Web.

Moving to a DLA-financed single retail system for Class I will reduce system maintenance costs across the DoD and will assure that the services continue ordering their garrison feeding from DLA. An economic analysis was conducted to identify the full scope of the anticipated savings. The analysis showed $117 million in savings over a ten-year period for DLA development of a single system versus the services developing and maintaining their own separate systems. This initiative satisfies the BMMP requirements and DRID 54.

FY06 funding is to support initial deployment to the field [90 Bases] of the CFMS system and for continued enhancements to STORES Web. FY07 funding is for continued rollout of CFMS to fixed sites [260 Bases] and continued enhancements to STORES Web

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005				C. Line Number & Item Description SWD 200 $1.0 and Over						D. Activity Identification		

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-04 Integrated Data Environment (IDE)			15,433			9,701			7,179			4,479

Narrative Justification:

The end-state Integrated Data Environment (IDE) will provide an environment that enables the extended DLA Enterprise Architecture to execute practices, processes, applications, and decision support tools to achieve logistics interoperability and allow for information sharing within DLA and between internal and external DLA business partners. IDE is a technical capability (data broker) that will use commercial-off-the-shelf (COTS) tools, web-based/eBusiness services, and data and business rule standards to speak the native language of interfacing systems. This will eliminate data processing obstacles (stovepipes), reduce costs (interface reduction and reuse), and provide a central point for logistics data interoperability (translate, transform, share, fuse data). IDE will provide improved community service functionality for Defense Logistics Agency (DLA) Transformation and Supply Chain Optimization initiatives using COTS tools and a service oriented architecture. Recent Joint Staff and Combatant Command (COCOM) communiqués have broadcast a clear desire for DLA to continue Asset Visibility (AV) support beyond the 2005 sundown of the Joint Total Asset Visibility (JTAV). Consequently, DLA leadership has directed that the IDE program focus on development and delivery of an IDE-based AV capability prior to the JTAV sunset date of September 2005 when IDE will subsume AV functions. Transition plan includes simultaneous development of new capability and current JTAV in FY 2004 and FY 2005, resulting in increased capital funding requirements. As a result of the AV priorities, additional funding is required in FY 2006 and FY 2007 for further development of the IDE end-state and AV sustainment. Specifically, the FY2006 and FY2007 funding will be utilized to transition Government-Off-The-Shelf (GOTS) solutions to Commercial-Off-The-Shelf (COTS) solutions for the current business processes (core logistics routing, data brokering, access/instantiation of business rules, access to authoritative sources of data, etc.) at Defense Automatic Addressing System (DAASC), Defense Logistics Management Standards Office (DLMSO), and Defense Logistics Information Service (DLIS). Recently completed IDE requirements definition and system design efforts provided details for updating the hardware and software requirements and development costs cited in the approved June 2003 Economic Analysis (EA). Consequently, the IDE EA is in process of being refreshed to reflect the final IDE design with AV capability. Target estimated completion date is 30 September 2004.

The Return on Investment (ROI), as cited in the June 2003 Economic Analysis, is 4.13 and the estimated payback period is 2 years.

| | Activity Group Capital Investment Justification
(Dollars in Thousands) | | | | | | | | | | | A. Budget Submission
Fiscal Year (FY) 2006/FY 2007 Budget Estimates | | |

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005				C. Line Number & Item Description SWD 200 $1.0 and Over								D. Activity Identification		

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-05 Business Systems Modernization (BSM)			97,223			116,569			86,099			

Narrative Justification:

Business Systems Modernization (BSM) allows for the integration of business processes with a new enterprise business system based on Commercial-off-the-Shelf (COTS) software and best business practices. BSM provides an IT foundation that allows for both continuous process and continuous technology insertion. It is the IT foundation which will allow the Defense Logistics Agency (DLA) to fully implement electronic business, web-based technologies, and an integrated data environment, as well as other innovations to be compliant with the Joint Technical Architecture (JTA) and the data exchange standards (e.g. ANS X.12 and XML), necessary for DLA to interoperate with its customers and suppliers. DLA currently provides common logistics support to the Military Services and Combatant Commanders using legacy materiel management systems such as the Standard Automated Materiel Management System (SAMMS) and the Defense Integrated Subsistence Management System (DISMS). These legacy systems are the product of decades of accumulated and divergent business practices, using technology that is obsolete and is no longer supported by the original equipment manufacturers and software providers. Additionally, the legacy system consists of several million lines of code that provides no analytical capability or real-time data access. These shortfalls (age, complexity, and size) lead to its fragility, high maintenance cost, and increasing unreliability. DoD and DLA are striving to align our current business practices with best practices by re-engineering logistics processes at all echelons. BSM supports the objectives of Joint Vision 2020 (Concept of "Focused Logistics" and an "Agile Infrastructure" for Logistics), the Department of Defense Force-Centric Logistics Enterprise, and the DLA Strategic Plan. BSM complies with the Global Combat Support System (GCSS) Capstone Requirements Document, the Global Information Grid (GIG) Capstone Requirements Document, the Network-Centric Data Strategy and Information Assurance. BSM received Milestone C approval on July 23, 2002, which approved a limited user deployment in a Concept Demonstration.   Releases 1.0, 1.1 and 1.2 are fully operational in the Concept Demonstration and Release 2.0 has been completed to ready BSM for initial operational test and evaluation in the Fall of 2004. Following a Full-Rate Production Decision Review in First quarter FY 2005, BSM will be deployed throughout DLA in FY 2005 through FY 2006.   BSM will achieve Full Operational Capability (FOC) during the Fourth Quarter of FY 2006. Detailed planning for Release 2.2 identified a requirement to increase the program's capital funding in FY 2005 and FY 2006.   This funding increase is driven by an additional effort to complete development of Release 2.2 functionality and increased rollout costs. Increase rollout costs address additional on-site support during cutover of 5.6 million items into BSM and six additional months to complete rollout. This increase exceeds the capital funding threshold in the Approved Program Baseline, and has been briefed to the ASD(NII). A new APB will be processed as part of the Full-Rate Production Decision Review in first quarter FY 2005. In addition, this funding ensures the Release 2.2 approved blueprint is funded to include Federal Financial Management Improvement Act (FFMIA) compliance, certification and compliance with the DoD Business Enterprise Architecture (BEA), and integration of National Inventory Management Strategy (NIMS) functionality with BSM. Return-on-investment (ROI) has been calculated for each of the releases, and the ROI for the total program is 4.57and payback will occur in FY 2009, as documented in the October 2004 economic analysis based on future costs and expected mission area benefits of inventory and personnel reductions.

Activity Group Capital Investment Justification (Dollars in Thousands)													A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005				C. Line Number & Item Description SWD 200 $1.0 and Over									D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-06 Federal Logistics Information System (FLIS)			1,935			2,090			1,550			1,010

Narrative Justification:

The FLIS is identified as the authoritative source system to broadcast the logistics data for numerous processes that support DoD ERP implementations. Current gaps in the SAP system (In use by the Defense Logistics Agency (DLA), Army and Navy) will require Defense Logistics Information Service (DLIS) to handle many of these processes in FLIS. Additionally, Air Force, currently not using an ERP, is planning modernization that will require FLIS changes. DLIS currently uses proprietary data exchange formats for FLIS queries and non-MILS, non-ANSI, FLIS specific formats for output transition processing. This is changing as we work with the Services to reengineer their process as they implement their ERPs. Given the increased emphasis on commercial practice (ANSI, EDI, XML) DLIS understands the need and OSD mandates to migrate data to environment that is open and current standards based rather than on a pseudo proprietary standard. These changes position DLIS to satisfy customer information needs and to prepare for inclusion in commercial products.

Federal Item Identification Guides (FIIG) automation will continue through 2006.   This project will engineer FIIG processes into an XML environment that will facilitate reduced maintenance costs and provide FIIG users with systems access to the Cataloging Taxonomy in the most efficient manner. The second phase of this project will include any remaining software development (including total automation of edit guides) to support the FIIG automation. It will also include milestones for the deployment throughout the US and NATO cataloging community and extends the capability to interface with commercial sectors through industry standard cataloging capabilities (such as Electronic Commerce Code Management Association's (ECCMA's) electronic Open Technical Dictionary (eOTD)). Requirements for maintenance for FIIG documents are included in this phase. The successful completion of this project will streamline both customer interfaces and internal processing, allowing the automated interchange of data via XML standards.

FLIS system change requests will support the automation of Interchangeability and Substitutability (I&S), Logistics Reassignments and DIIP process in FLIS versus the Standard Automated Materiel Management System (SAMMS). These applications are required to support BSM.

	Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-07 Customer Relationship Management (CRM)			17,514			6,893			11,643			9,367

Narrative Justification:
Customer Relationship Management (CRM) will provide the Defense Logistics Agency (DLA) with the information and processes necessary to better know its customers, understand their needs, and effectively build relationships between DLA and its customer base. As a result, DLA will better meet the needs of major customer segments and improve operational effectiveness. CRM will significantly improve customer satisfaction by providing the enhanced capability to anticipate and act on customer demands. This capability is not possible in a diverse corporate environment without a unifying corporate customer data profile, which is a key functional component of CRM. Further, CRM will provide the customer intelligence that will complement DLA's Business Systems Modernization (BSM) effort in supply chain management/financial management. Additionally, the CRM program will address the CRM requirements of the entire DLA enterprise, whereas currently there is no standard enterprise-wide capability. Investment dollars for FY 2004-FY 2007 are for software and systems integration contractor services. Integration costs will include re-engineering of customer-touch processes, training development, development of interfaces to the BSM SAP software, and technical configuration of the SAP CRM software to the DLA environment.   As currently planned, the CRM program will evolve via four major releases. Releases 1 and 2 will focus on a "CRM Light" solution at each of the 12 DLA Field Activities and DLA Headquarters within the areas of Service, Sales, and Marketing. Releases 1 and 2 (R1, R2) will each be completed within 18 months spanning the period from September 2004 to March 2006. The R1/R2 CRM strategy is to initiate basic CRM practices in areas where DLA already engages the customer transactionally and to introduce CRM where it does not exist. Releases 3 and 4 will occur during the remainder of FY06 and FY07.   Releases 3 and 4 (R3, R4) will improve the level of CRM capability to personal interactions in R3 and finally industry-leading partnering practices in R4.   Although the CRM requirements are well-defined, the actual deployment specifics to each field activity and this timeframe are still being developed. The CRM Program Office developed an Economic Analysis by consulting with industry experts with regard to the potential operational requirements and incorporating cost estimating relationships discovered through research. The Economic Analysis will be updated prior to Milestone C. Potential CRM benefits are estimated at $184.7M over the life of the program (FY 2015). The expected Return-on-Investment (ROI) of the program is 2.53 with DLA reaching the investment payback point in FY 2009. The CRM potential benefits are based on increased productivity, FTE reduction, and Legacy System retirement. It is expected that the enhanced capability to analyze customer requirements will result in improved responsiveness, increased readiness, and reduced cost to their customers, leading to increased customer satisfaction. Without an IT-solution, the same level of responsiveness, readiness, and cost reductions could not be possible with only additional personnel or Business Process Reengineering (BPR).

Activity Group Capital Investment Justification (Dollars in Thousands)													A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-08 Product Management Data Initiative (PDMI)						8,173			7,630			7,288

Narrative Justification:
The primary objective of the Product Data Management Initiative (PDMI) is to implement automated capabilities to manage and use engineering support and product data within the Defense Logistics Agency (DLA). Specific objectives include increased accuracy and accessibility of product data needed to make informed engineering, technical and quality decisions in support of procurement actions; provide easy location and access of product data for authorized users; and link to the SAP application being developed and implemented, where required, to support ongoing business processes. PDMI builds on the accomplishments of the Engineering Support Automation (ESA) project. It is an enhancement of the capability already resident in the product data management tool developed for the ESA project. PDMI will leverage the DLA Enterprise Architecture, and COTS hardware put into production by the ESA project.

The PDMI Program implementation Full Operational Capability (FOC) will be achieved incrementally. Each increment will provide additional functionality and/or expand the use of PDMI. FY 2005 funds are for Increment 1 (Initial Operational Capability (IOC)) with integration of PDMI to Business System Modernization (BSM) Release 2.0. FY 2006 and 2007 funds will be used for Increment 2 which will further automate technical business processes, to include special studies, value engineering, item reduction, etc. The integration of PDMI to BSM will involve the interface of the COTS application to the BSM SAP Enterprise Resource Planning application. In addition, this increment will include the implementation of initial document management and critical item management functionality into the COTS application.

A preliminary Economic Analysis (EA) has been completed. The Return on Investment (ROI) is 2.02 and the payback period is 6.5 years.

	Activity Group Capital Investment Justification (Dollars in Thousands)											A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-09 eWorkplace			5,956			4,167			2,209			204

Narrative Justification:

The DLA e-Workplace program is a Business-to-Employee (B2E) program focused on serving DLA employees with tools and resources necessary for them to work efficiently and effectively. All of the web-based content and services delivered via the program's employee portal is specific to DLA programs, strategies, and processes. The eWorkplace will create value at the DLA by reducing the cost of delivering enterprise-wide employee services and by improving employee productivity. eWorkplace is a business model embracing knowledge as an organizational asset and delivering this asset to individuals responsible for decision-making to ensure mission success. Through the eWorkplace environment, DLA knowledge workers will be able to search for content through a user-friendly interface that is accessible from any duty location. Users will be able to review, edit and approve documents through automated processes within eWorkplace. The purpose is to empower knowledge-enabled Communities of Practice (CoPs), largely through an effective knowledge management program throughout DLA. Phased implementation has allowed e-Workplace to achieve an initial set of capabilities and begin to familiarize the customer base in the use of basic e-Workplace principles and methodologies (e.g., collaboration and workflow) and to advance uses of supporting technologies. Subsequent releases will expand eWorkplace capabilities, and, more importantly, broaden the use of collaboration, resource sharing and information sharing with individuals, subject matter experts, CoPs and other advanced users of technology. Work in FY 2006 and early FY 2007 will extend the capabilities of that software upgrade, and will enable content managers across DLA to independently manage their own content in the new environment. The introduction of workflow in FY 2006 will complete the functionality promised in the Functional Requirements Document and take the program to Full Operational Capability, where it will fully enter the sustainment phase.

The DLA e-Workplace program offers cost avoidance benefits in workforce productivity, training effectiveness, elimination of redundant data repositories and websites, and in several other areas. The total program Return on Investment (ROI) is 1.57. Payback period is 2012.

				A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

Activity Group Capital Investment Justification (Dollars in Thousands)	A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-10</u> Defense Medical Logistics Standard System (DMLSS) Wholesale			5,461			5,005			4,974			5,091

Narrative Justification:
The Defense Medical Logistics Standard System Wholesale (DMLSS-W) is an integrated electronic system supporting the medical logistics needs of the Military Services. While the program directly funds the business process improvements and Management Information System (MIS) enhancements at the Defense Supply Center Philadelphia (DSCP) Medical Directorate, the benefits and savings cascade down the entire wholesale DoD logistics network. In FY 2006-2007 the DMLSS-W program will focus on providing and managing the business intelligence necessary to maintain and exploit situational awareness throughout the medical supply chain. DMLSS-W will fund the enhancements and re-engineering of the Distribution and Pricing Agreement (DAPA) Management System and Medical Electronic Customer Assistance, incorporating the Product of Choice initiative and positioning the Medical Directorate to establish and maintain one Single Federal Catalog for medical materiel. DMLSS-W will continue its data warehousing, customer relationship management and training efforts under the Medical Logistics Integrated Information Environment program to ensure it provides medical customers the reliable business intelligence they require on a 24/7 basis. DMLSS-W will expand and improve its Readiness Management Application further integrating the Medical Contingency File and the Industrial Preparedness System to project the War fighter's medical materiel needs and position materiel to meet those needs. DMLSS-W will expand the scope of the developing Medical Air Bridge supporting the Warfighter in expediting and tracking high priority orders through the commercial consolidation hub to the Warfighter overseas. By fully developing the capabilities of the Contingency Automation Application, DSCP will be better able to source and fill high priority requisitions in world-wide contingency support. DMLSS-W will also improve its Medical Web Portal (DMMonline) and its Electronic Catalog, thereby ensuring timely ordering and delivery of medical materiel to Warfighters, their families and other federal customers throughout the world. In addition to situational awareness, DMLSS-W must provide the data integrity and electronic connectivity to rapidly collaborate and communicate decisions among trading partners up and down the supply chain from the place of manufacture to the point of consumption. The developing plan for Business Systems Modernization focuses on interfaces to include product and price information, sales and execution data and ultimately seamless/transparent execution of sales initiated in BSM and executed in the commercial sphere through subordinate DMLSS-W applications using an E-Gateway.   The Return on Investment for the DMLSS Program is almost 6 to 1. The benefits estimate is over $3.6 billion from FY 2002 through FY 2012. These savings were identified as part of the Milestone IIIC decision. All savings are aggregated for the retail and wholesale components because DMLSS is an integrated partnership between these components.

Activity Group Capital Investment Justification (Dollars in Thousands)												A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-11 DoD EMALL									1,600			1,600

Narrative Justification:

The DoD EMALL is an advanced, web-based government procurement application designed much like commercial applications. The site provides a personalized experience where each user can initiate transactions right from their desktop. DoD EMALL allows users to search or browse for commercial and government off-the-shelf products and services through a single interface and then to purchase those products or services in an easy to use online format. The application offers several advantages over traditional methods of procurement including:
• The ability to compare cross-vendor price and product value from a central location;
• Logistical improvements that lead to more efficient order fulfillment;
• Data integrity improvements as a result of a new distributed architecture model where the vendors maintain their own data. By allowing vendors to maintain their own data, more products can be featured and the system no longer requires the replication of data by government resources.

In FY 2006, development will continue DLA Web Order Fulfillment site integration with Medical ECAT. This system is joint owned by Defense Supply Center Philadelphia and the Defense Medical Logistics Standard Support (DMLSS) system. Integration with the Integrated Acquisition Environment (IAE) e-Government initiative will be required during this time frame as well as integration with General Services Administration Advantage. FY 2006 also includes testing for Federal Financial Management Improvement Act compliancy review. Additional system change requests in FY 2006 and 2007 will integrate 25 tailored vendor web sites including Warfighter.net for clothing and textile and Foreign Military Sales.

Activity Group Capital Investment Justification (Dollars in Thousands)											A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

| B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group   February 2005 | | | | C. Line Number & Item Description SWD 200 $1.0 and Over | | | | | | | D. Activity Identification | | |

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-12 Enterprise Operations Accounting System (EOAS)									2,957			

Narrative Justification:

The Enterprise Operations Accounting System (EOAS) will leverage the DLA Business Systems Modernization (BSM) (software configuration, licenses and infrastructure) to deploy a common integrated system solution across all DLA activities and business areas. The EOAS will facilitate the transformation of DLA financial management by providing a true enterprise-wide Enterprise Resource Planning (ERP) solution, with financial management functionality and data supported by a single Commercial Off The Shelf (COTS) solution. The EOAS will provide an integrated system which is compliant with the Federal Financial Management Improvement Act (FFMIA) and the DoD Business Enterprise Architecture, to include the Global Combat Support System (GCSS), the Global Information Grid (GIG), Net-Centric Data Strategy and Information Assurance.

EOAS/BSM will completely replace DLA's use of the Defense Business Management System (DBMS), Base Operations Support System (BOSS) and Defense Working-Capital Accounting System (DWAS) with a single COTS solution which incorporates best business practices. A single COTS solution ensures the use of standard business practices, including cost elements and standard general ledger, and strong internal controls ensuring the consistency and integrity of financial data. A single agency-wide COTS solution will ensure financial management information will be readily available to decision makers and for consolidation for financial reporting and analysis.

In FY 2006 DLA will complete a gap analysis between BSM functionality and any unique requirements of the DLA non-Inventory Control Point activities and business areas. The investment is for the blueprint/design, configuring, testing, and training for deployment of EOAS.

The ROI is 5.0 and Payback period is 5 years after initial development assuming a gradual phase-out of current systems.

| | Activity Group Capital Investment Justification
(Dollars in Thousands) | | | | | | | | | | A. Budget Submission
Fiscal Year (FY) 2006/FY 2007 Budget Estimates | | |

| B. Component/Activity Group/Date   Defense Logistics Agency
Supply Management Activity Group   February 2005 | C. Line Number & Item Description
SWD 200 $1.0 and Over | D. Activity Identification |

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-13 Logistics On-line Tracking System (LOTS)									1,040			

Narrative Justification:

The Logistics On-line Tracking System (LOTS) provides the capability to track the status of all DOD and FMS requisitions processed by the Defense Automatic Addressing Services Center (DAASC) by providing on-line transaction query capability through the WEB Visual Logistics Processing System (WebVLIPS) and summary statistics via the Logistics Metrics Analysis and Reporting System (LMARS) for Logistics Response Time (LRT) and Customer Wait Time (LMARS/CWT) reporting. LOTS is a relational database environment suite providing the ability to maintain, track, extract, and tailor the logistics data to the needs of the DoD community and its supporting infrastructure. On-Line query of the LOTS database provides "birth-to-death" tracking of logistics transactions supporting command and control decisions and ad-hoc query capability provides user specific information in seconds instead of hours/days/weeks. The DData/LOTS systems are designated Mission Critical status. This increases the need to ensure the continuance of world-class support to our customers. DAASC is upgrading DData/LOTS with the latest technology applied to its production systems (hardware, software, and system administration functions) in order to ensure the ability to meet all future mission requirements. The FY 2006 investment is for Oracle WEB development and locally developed software. The application software will maximize the use of COTS software as well as integrating the unique value added services that DAASC provides to our customer base.

	Activity Group Capital Investment Justification (Dollars in Thousands)									A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Supply Management Activity Group February 2005				C. Line Number & Item Description RPM 000 Minor Construction						D. Activity Identification		
Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction Non-Energy Energy Total Minor Construction			3,712 26,567 30,279			4,827 26,100 30,927			3,497 25,500 28,997			3,350 25,500 28,850

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance and increase the level of protection of the workforce and the mission stock. These projects include:

1. Renovation and alteration of administrative facilities. An example is the conversion of a portion of a Pearl Harbor warehouse to administrative space to replace that in the buildings at Camp Smith, Hawaii which are scheduled for demolition.
2. Upgrading security facilities (gates, fences, security lighting). An example is the upgrade of two existing entrance gate facilities at the Headquarters Complex, Fort Belvoir, Virginia to comply with current Anti-Terrorism/Force Protection (AT/FP) standards.
3. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities (Energy only).
4. Upgrades to utility systems to comply with environmental and fire protection standards.
5. Additional paving for road networks and personnel parking to comply with the new AT/FP standoff distances
6. Incidental improvements associated with facilities repair projects

None of the projects are justified on the basis of cost savings or avoidance. All of these projects are required to allow existing missions to continue in safe, compliant and efficient facilities.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2005
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2005 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2004	Equipment except ADPE & TELCOM:	(0.5)	4.2	4.7	(0.5)	
	Replacement < $0.499	(0.5)	0.8	1.3	(0.5)	Emergent requirement
	Productivity < $0.499	0.2	0.2	0.0	0.2	Requirement cancelled
	Fuel Terminal Automation	(0.2)	3.2	3.4	(0.2)	Change order
2004	Equipment - ADPE & TELCOM:	(4.9)	6.0	11.0	(4.9)	
	ADP Equipment < $0.499	1.4	5.5	4.1	1.4	eWorkplace HW requirement reduced
	DSCR LAN Growth	0.0	0.5	0.5	0.0	
	BSM Hardware	(2.5)	0.0	2.5	(2.5)	Emergent requirement
	IDE Hardware	(3.9)	0.0	3.9	(3.9)	Emergent requirement
2004	Software Development:	23.6	174.9	151.3	23.6	
	Softward Development < $0.499	(0.3)	0.7	1.0	(0.3)	Emergent requirement
	Learning Management System	0.0	0.8	0.8	0.0	
	POM/Budget Reporting System (PBRS)	0.8	0.8	0.0	0.8	Development deferred to FY 05
	Cataloging Reengineering System (CRS)	0.0	0.8	0.8	0.0	
	Apparel Research Network (ARN) VPV	0.1	1.0	0.9	0.1	Project repriced
	Federal Logistics Information System (FLIS)	0.2	2.2	1.9	0.2	Project repriced
	Business Systems Modernization (BSM)	2.5	99.7	97.2	2.5	Funds reprogrammed for HW
	Customer Relationship Management (CRM)	4.3	21.8	17.5	4.3	Reduced cost for COTS purchase
	Product Data Management Initiative (PDMI)	8.1	8.1	0.0	8.1	Carryover Authority for $8.1M
	Integrated Data Environment (IDE)	0.0	15.4	15.4	0.0	
	Defense Medical Logistics Standard Sys (DMLSS)	0.0	5.5	5.5	0.0	
	Eworkplace (formerly Knowledge Management)	(1.6)	4.4	6.0	(1.6)	Additional requirement added.
	Common Food Management System (formerly STORES Retail and STORES).	9.5	13.9	4.3	9.5	Carryover Authority for $10.5M
2004	Minor Construction:	1.5	31.8	30.3	1.5	Projects reprioritized;funds moved to Distribution
	Total FY 2004	**19.8**	**217.0**	**197.2**	**19.8**	

NOTE: FY04 Total Agency Capital Investments reflect FY04 projects only. Does not include prior year adjustments.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2005
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2005 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2005	Equipment except ADPE & TELCOM:	0.0	3.8	3.8	0.0	
	Replacement < $0.499	0.0	0.9	0.9	0.0	
	Productivity < $0.499	0.0	0.0	0.0	0.0	
	Chillers for Computer Facility (DSCR)	0.0	1.5	1.5	0.0	
	AFHE MCAS Beaufort	0.0	1.4	1.4	0.0	
2005	Equipment - ADPE & TELCOM:	(6.4)	4.6	10.9	(6.4)	
	Base Level Sustainment (BLS)	(0.1)	4.0	4.2	(0.1)	One emergent requirement
	LAN Replacement (DSCR)	0.0	0.5	0.5	0.0	
	Storage Area Network (DAASC)	(0.7)	0.0	0.7	(0.7)	Emergent requirement
	Product Data Management Initiative Hardware	(1.0)	0.0	1.0	(1.0)	Emergent requirement; reprogrammed from
	Business Systems Modernization (BSM) Hardware	(4.6)	0.0	4.6	(4.6)	Emergent requirement
2005	Software Development:	(19.1)	151.3	170.4	(19.1)	
	Software Development < $0.499	0.4	0.6	0.2	0.4	Three requirements canceled
	Program Budget Reporting System (PBRS)	0.0	0.8	0.8	0.0	
	Learning Management System (LMS)	0.5	1.3	0.9	0.5	Requirement partially funded in FY 04
	Cataloging Reengineering System (CRS)	0.0	0.8	0.8	0.0	
	Apparel Research Network (ARN) VPV	0.0	0.9	0.9	0.0	
	Defense Medical Logistics Standard Sys (DMLSS)	0.0	5.0	5.0	0.0	
	Business Systems Modernization (BSM)	(20.9)	95.7	116.6	(20.9)	Emergent requirements
	Customer Relationship Management (CRM)	0.0	6.9	6.9	0.0	
	Common Food Management System (CFMS)	0.0	9.4	9.4	0.0	
	Integrated Data Environment (IDE)	0.0	9.7	9.7	0.0	
	eWorkplace (formerly Knowledge Management)	0.0	4.2	4.2	0.0	
	Federal Logistics Information System	0.0	2.1	2.1	0.0	
	Product Data Management Initiative	1.0	9.1	8.2	1.0	Reprogrammed for HW requirement
	Organization Clothing and Individual Equipment (OCIE)	0.0	5.0	5.0	0.0	
2005	Minor Construction:	(0.6)	30.3	30.9	(0.6)	Emergent requirement for DSCP
	Total FY 2005	**(26.1)**	**190.1**	**216.1**	**(26.1)**	

		FY 2004		FY 2005		FY 2006		FY 2007	
Line Number	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499	3	1.5	3	0.7	4	1.2	9	1.2
REP 000	Replacement	1	0.5	3	0.7	4	1.2	9	1.2
PRD 000	Productivity	1	0.6						
NEW 000	New Mission	1	0.4						
	EQUIPMENT (Non ADP/T) $0.5 to $0.999	0	0.0	0	0.0	0	0.0	0	0.0
REP 100	Replacement								
PRD 100	Productivity								
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over	0	0.0	0	0.0	0	0.0	0	0.0
REP 200	Replacement								
PRD 200	Productivity								
NEW 200	New Mission								
	TOTAL EQUIPMENT (Non ADP/T)	3	1.5	3	0.7	4	1.2	9	1.2
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499	0	0.0		0.1				
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999								
ADP 200	ADP/T EQUIPMENT $1.0 and Over								
	TOTAL EQUIPMENT (ADP/T)	0	0.0	0	0.1	0	0.0	0	0.0
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499								
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999		0.7						
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over				1.0		19.5		10.7
	TOTAL SOFTWARE DEVELOPMENT		0.7		1.0		19.5		10.7
RPM 000	MINOR CONSTRUCTION		5.0		3.0		2.0		2.0
	TOTAL AGENCY CAPITAL INVESTMENTS	3	7.2	3	4.8	4	22.7	9	13.8
	Total Capital Outlays		7.0		6.0		9.0		15.0
	Total Depreciation Expense		9.4		8.7		8.8		11.1

	A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)	**Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Reutilization & Marketing Service Activity Group February 2005	C. Line Number & Item Description REP 000 Replacement Equipment $0.1 to $0.499	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 000</u> Material Handling Equipment	1	516.1	516.1	3	233	700	4	310	1,240	9	127.7	1,150

Narrative Justification:

These investments, which include front end loaders and shredders, replace existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy- with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.

	A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)	**Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Reutilization & Marketing Service Activity Group February 2005	C. Line Number & Item Description ADP 000 $0.1 to $0.499	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 000						140						

Narrative Justification:

The FY 2005 investment is for replacement of the existing Private Branch Exchange (PBX) system at DRMO Lewis. The upgrade will be from the current single-line telephone system to a GSA Schedule Inter-Tel PBX system that will provide a digital/analog/Voice over IP (VoIP) system. The existing system is at the end of the useful life cycle. The new system will be technologically superior and operate at a lower cost.

Activity Group Capital Investment Justification (Dollars in Thousands)													A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Reutilization & Marketing Service Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01			686			1,000						

Narrative Justification:

System changes are required for the DRMS Automated Information System (DAISY). In FY 2005, changes are required in support of transportation. The Transportation effort is to implement efficient transportation practices. Implementation of this will help modernize the DRMS business model and when implemented will provide cost savings and increased efficiency. The transportation effort will help strengthen Intransit accountability of DEMIL-required and other DRMS property. Today, DRMOs shipping DEMIL/mutilation and other property to the centralized DEMIL centers or elsewhere lose control of property shipments when property is dropped off to the TMO for shipment At this time, TMO then schedules property shipments in their normal shipping schedules, priorities, and many times DRMS shipments are co-mingled with other shipments leaving the installation.

Activity Group Capital Investment Justification (Dollars in Thousands)													A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

| B. Component/Activity Group/Date   Defense Logistics Agency Reutilization & Marketing Service Activity Group   February 2005 | | | | C. Line Number & Item Description SWD 200 $1.0 and Over | | | | | | | | D. Activity Identification | |

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-02 Reutilization Modernization Program (RMP)									19,489			10,681

Narrative Justification:

DRMS Automated Information System (DAISY), the legacy Defense Reutilization and Marketing Service (DRMS) mission system, was developed using primarily a government developed software approach. The Reutilization Modernization Program (RMP) is planned to satisfy new mission requirements capability using a commercial off the shelf (COTS) approach. In FY 2006 the investment includes the purchase of commercial financial software, configuring and integrating the software into both Business Systems Modernization (BSM) and the DRMS business. The result will be an Auditable Financial system with several DRMS legacy financial applications being turned off. In FY 2006 and FY 2007 DRMS will purchase demand planning software. This functionality will be new to DRMS and will be geared towards the unique items in the DRMS disposal chain. A commercial integrator will assist in the large amounts of configuration that are expected for this new functionality. Also in FY 2006 and FY 2007 the investment includes commercial inventory management and property accounting software to replace the DRMS DAISY applications. A commercial integrator will stand up and configure the new system.

RMP has a three year investment period starting in FY 2006. Full Operating Capability (FOC) will occur in FY 2009. The ROI is 1.22 with payback occurring in FY 2013.

	Activity Group Capital Investment Justification (Dollars in Thousands)											A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Reutilization & Marketing Service Activity Group February 2005	C. Line Number & Item Description RPM 000 Minor Construction	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction			4,997			3,000			2,000			2,000

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:

1. Adding paving for open storage, road networks and operational areas.
2. Altering facilities to accommodate mission changes, consolidation, and relocation
3. Improvements to warehouse, administrative, and demilitarization facilities to increase employee safety and comfort
4. Replacement of facilities that cannot be economically repaired.
5. Incidental improvements associated with facilities repair projects

These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the DRMS mission.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2005
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2005 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2004	Equipment except ADPE & TELCOM:	(1.0)	0.5	1.5	(1.0)	
	Replacement <$500K	0.0	0.5	0.5	0.0	
	Productivity <$500K	(0.6)	0.0	0.6	(0.6)	Emergency requirement in Kuwait
	New Mission	(0.4)	0.0	0.4	(0.4)	Emergency requirement in Kuwait
2004	Equipment - ADPE & TELCOM:	0.2	0.2	0.0	0.2	
	ADP Equipment < $0.499	0.2	0.2	0.0	0.2	Requirement cancelled
2004	Software Development:	1.3	2.0	0.7	1.3	
	DAISY SCR's	1.3	2.0	0.7	1.3	DAISY Carryover Authority $464K
2004	Minor Construction:	0.0	5.0	5.0	0.0	
	Total FY 2004	**0.5**	**7.7**	**7.2**	**0.5**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2005
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2005 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2005	Equipment except ADPE & TELCOM:	0.0	0.7	0.7	0.0	
	Replacement <$500K	0.0	0.7	0.7	0.0	
	Productivity <$500K	0.0	0.0	0.0	0.0	
2005	Equipment - ADPE & TELCOM:	(0.1)	0.0	0.1	(0.1)	
		(0.1)	0.0	0.1	(0.1)	Emergent requirement
2005	Software Development:	(0.2)	0.8	1.0	(0.2)	
	DAISY SCR's	(0.2)	0.8	1.0	(0.2)	Increased requirements
2005	Minor Construction:	0.0	3.0	3.0	0.0	
	Total FY 2005	**(0.3)**	**4.5**	**4.8**	**(0.3)**	

		FY 2004		FY 2005		FY 2006		FY 2007	
Line Number	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499	12	2.5	13	2.9	19	3.6	15	2.8
REP 000	Replacement	7	1.7	9	1.9	14	2.5	15	2.8
PRD 000	Productivity	5	0.8	4	1.1	5	1.1		
NEW 000	New Mission								
	EQUIPMENT (Non ADP/T) $0.5 to $0.999	3	2.0	3	2.6	3	2.2	1	0.8
REP 100	Replacement	2	1.3	1	0.9	1	0.7		
PRD 100	Productivity	1	0.7	2	1.7	2	1.5	1	0.8
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over	6	15.8	5	13.5	4	9.7	4	14.3
REP 200	Replacement			1	5.3	2	6.7	2	6.3
PRD 200	Productivity	6	15.8	4	8.2	2	3.1	2	8.0
NEW 200	New Mission								
	TOTAL EQUIPMENT (Non ADP/T)	21	20.2	21	19.1	26	15.5	20	17.9
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499	36	7.5	23	7.1	2	0.5		
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999					15	11.5	12	9.0
ADP 200	ADP/T EQUIPMENT $1.0 and Over			1	5.1	2	6.1	2	2.4
	TOTAL EQUIPMENT (ADP/T)	36	7.5	24	12.2	19	18.1	14	11.4
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499								
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999								
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over		19.2		8.5		15.7		8.0
	TOTAL SOFTWARE DEVELOPMENT		19.2		8.5		15.7		8.0
RPM 000	MINOR CONSTRUCTION		8.6		8.9		9.3		8.9
	TOTAL AGENCY CAPITAL INVESTMENTS	57	55.6	45	48.7	45	58.6	34	46.1
	Total Capital Outlays		53.7		43.1		45.4		44.2
	Total Depreciation Expense		29.4		40.2		42.8		39.2

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

	A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)	**Fiscal Year (FY) 2006/** **FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description Replacement/Productivity Equipment < $1M	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total REP/PRD 000	15	300	4,500	16	249.7	5,595	22	262	5,758	16	226.6	3,626

Narrative Justification:

These investments include the replacement of existing items that have reached or exceeded their useful life. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancement standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. This program also includes productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment are met. All productivity related projects normally provide a payback of not more than five years and a savings to investment ratio of greater than one.

	A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)	**Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description REP 200 Replacement Equipment $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-01 EDC High-Rise Vehicles (DDSP)				1	5,300	5,300	1	5,300	5,300			

Narrative Justification:

The Eastern Distribution Center (EDC) at Distribution Depot Susquehanna (DDSP) is the primary distribution facility on the east coast. The largest storage area in the EDC is located in the southwest corner of the facility. The high bay storage area contains 65 foot racks that hold 70,248 pallet storage and 242,688 bin/package locations. These racks are serviced by personnel onboard hybrid high rise vehicles. They have a single mast design, with an onboard compartment that traverses the mast vertically using a lift motor and cable. Cracks have been found in the mast and the annual maintenance costs are continually increasing. The vehicles were originally installed in 1989 and have exceeded their useful life of 10 years. For both economics and safety reasons, it is time to replace these vehicles. The equipment replacement will be accomplished in two phases (FY 2005/FY 2006) providing the ability to remain operational during the replacement process.

The savings to investment ratio is 3.9 and the discounted payback for this project is 2.4 years.

	A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)	**Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description PRD 200 Replacement Equipment $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 200-02</u> Refurbish Bin Storage, Building 159							1	1,380	1,380			

Narrative Justification:

Defense Distribution Depot Cherry Point (DDCN) has eighteen SPS Technologies Cranes in building159, designed to handle binable material, that are approximately 20 years old. Some of the parts are difficult and sometimes impossible to replace because the original crane manufacturer is out of business. Additionally, the need for package rack size storage locations has increased and DDCN needs a minimum of 11,250 new locations to relocate material from Building 155. Building 155 requires considerable repair and DDCN needs alternate storage space so that Building 155 can be vacated. Most of the bin racks in building 159 will be replaced with 30 ft. high x 6 ft. wide x 36 in. deep package racks. Cranes will be replaced with guided narrow aisle stock selectors, which are much cheaper to purchase, but have the same functionality and enough capacity to handle the workload. The stock selectors are not aisle captive and therefore flexible and easier to maintain. Replacing old cranes with newer ones was among the various alternatives considered, however that option was determined to be uneconomical and therefore rejected. If the project is not funded, the cranes will eventually recede to a non-performing mode. Material storage and retrieval will continue in manual mode using a pick ladder which is unsafe at 30 ft. clear stack height resulting in increased material handling costs with lower output.

The payback is 1.91 years and the savings to investment ratio is 4.71

	A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**
Activity Group Capital Investment Justification (Dollars in Thousands)	

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description REP 200 Replacement Equipment $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 200-03</u> Carousel Upgrade, Bldg. 16A-3										1	2,500	2,500

Narrative Justification:

The Defense Distribution Depot San Joaquin (DDJC), Tracy, site is designated as a primary distribution center within the Defense Logistics Agency's Defense Distribution Center (DDC). The purpose of this project is to upgrade and/or replace the existing carousel storage in Warehouse 16A-3 with a new carousel storage system and any necessary modifications to the package/tote conveyor system. The existing carousel storage units were installed in two increments, in 1984 and 1988, and will need replacement/refurbishment in order to be available to meet future operational requirements. At the present time, Building 16 is the Small Parcel Operations Hub at DDJC, and the storage policy is to have all active items stored within the Operational Hub. The upgrade/replacement of the carousels, which are past their economic life, will provide high-density storage and optimum resource utilization for storage and issuance of high demand material. Among the alternatives considered were the following: Using the existing equipment/systems without replacement/refurbishment, replace the system with a mini-load storage system, replace the system with a manual walk and pick storage system and use manual methods when the systems are unusable/obsolete or nonexistent. For the type of material stored, replacing the carousels was determined to be the most appropriate solution. If the project is not funded, operations will be negatively impacted resulting in multiple handling of material, misplaced/damaged material, and reduced productivity resulting in higher material handling costs.

The payback period for the project is 4.77 years and the savings to investment ratio is 1.96

		A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)		**Fiscal Year (FY) 2006/** **FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line N umber & Item Descriptio PRD 200 Replacement Equipment $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-04 Narrow Aisle Pallet Racks, Building 659 and 660										1	3,800	3,800

Narrative Justification:
The North Island Complex at Defense Distribution Depot San Diego (DDDC) consists of six 600 Ft. x 200 Ft. x 18 Ft. clear stack height buildings. The buildings are 656, 657, 658, 659, 660 and 662. In FY 2007, DDDC must vacate Bldg. 662 and return to the Navy. The stock which is currently in building 662 must be consolidated within the remaining five buildings. The racks that were originally installed in the North Island Complex by the Navy are substandard for the following reasons: 1) They are not rated for seismic zone 4. 2) The racks are severely damaged from forklift impact. 3) Multiple vendors have installed these racks making it difficult to replace the damaged components. 4) The racks have different ratings from 600 lbs. to 2,000 lbs. 5) Most of the racks do not have crossbars or back to back ties. 6) In-rack sprinkler fire protection as required by National Fire Protection Association was never installed. To maximize the cube utilization and correct the serious fire protection and safety violations of the present rack systems, the existing racks will be replaced in sections 1, 2 and 3 of buildings 659 and 660 with 18 ft. high narrow aisle rail guided pallet rack. This will yield 10,400 new pallet rack locations. To meet fire code, an in-rack sprinkler system will be installed and all racks will be designed and installed for seismic zone 4. The only alternative to installing pallet racks in these warehouses is to double or triple stack pallet material on the floor where possible. This alternative will not solve the problem of overcrowding and permit DLA to vacate building 652. If the project is not funded stacking height will be limited and available cube will not be properly utilized and the consolidation of material in fewer buildings will not be possible.

The payback period for the project is 3.27 years and the savings to investment ratio is 2.80

		FY 2004			FY 2005			FY 2006			FY 2007	
Element of Cost	Quantity			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-01 Equipment for New GPW, Ph II (DDJC)	1	4,602	4,602	1	4,600	4,600						

Activity Group Capital Investment Justification
(Dollars in Thousands)

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2005

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Narrative Justification:

A new 480,000 square foot General Purpose Warehouse (GPW) is currently under construction west of building 16 at Distribution Depot Tracy (DDJC). This facility will replace Buildings 8, 9, 11 and 12, which are World War II era warehouses. This is part of the process to eliminate substandard facilities and reduce infrastructure at DDJC. The proposed equipment project will provide a high rise narrow aisle pallet rack storage system, turret trucks including batteries and chargers, rail guidance system for Materiel Handling Equipment (MHE), elevated dual stacked pallet conveyor, vertical pallet conveyor, floor level pallet conveyor, covered cross-over tunnel to building 16, intra-depot transporter conveyors and work stations. Installation of this new equipment will lower overall material handling costs, reduce facility space requirements and decrease warehouse receiving, storage and shipping times. If this equipment is not provided, the new facility will be used only in a bulk storage mode and a substantial portion of the available stacking height would not be utilized, DDJC will not be able to accommodate anticipated storage requirements, material handling costs will increase, and system production capabilities will decrease. To facilitate coordination with the construction of the new facility and timely installation of equipment, the project will be funded and installed over two fiscal years, FY 2004 and FY 2005. This funding request pertains to the second phase installation of the system.

The Savings to Investment Ratio (SIR) for the entire project is 2.2 and the discounted payback is 4.2 years.

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	A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**

Activity Group Capital Investment Justification
(Dollars in Thousands)

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description PRD 200 Productivity Equipment $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-02 Modernize Depot Operations (DDPH)				1	1,818	1,818						

Narrative Justification:

Currently, Distribution Depot, Pearl Harbor's (DDPH) incoming material is physically received in the newly constructed building 1900. Material is then staged, sorted, and conveyed via forklift or truck to the designated locations in the depot based on the weight and size. Local delivery and trans-shipment materials are received, stored, and shipped in building 1900, which is part of the Material Processing Center (MPC). The operation is very labor intensive because at least 80% of the pallets must be broken down and the material consolidated in a large container for at least fifty-five different shipments. The proposed modernization consists of a mechanized pallet receiving conveyor and sorting system for building 1900 and the installation of an overhead conveyor system which connects buildings 475 and 190. Material received in building 1900 will be placed on a pallet conveyor and processed as a full pallet if the material is for a single customer or broken down and placed on a sortation system for multiple customers. If the material is to be sent directly to a ship, it will be sorted into a reusable bulk container. However, if the material is to be stowed in buildings, 475, 474, and/or 452, an overhead scanner will divert the material to the new bi-directional overhead conveyor system which ties the centralized receiving with the entire bin complex. Binnable material picked up in these buildings will also be sent to building 1900 utilizing the same bi-directional overhead conveyor for processing and shipping. Benefits include centralized receipt processing, improved resource utilization, and improved performance as employees will be working from a central location.

The savings to investment ratio for the entire project is 5.1 and the discounted payback period for the project is 1.8 years.

	A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)	**Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description PRD 200 Productivity Equipment $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-03 Equipment for new GPW (DDSP)				1	1,823	1,823						

Narrative Justification:
Construction of a new 400,000 SF general purpose warehouse is planned in the FY 04 MILCON program. As part of the process to eliminate substandard facilities at DDSP, this warehouse will replace three WWII buildings at the New Cumberland site. The proposed equipment for this new warehouse will provide rail-guided, narrow aisle, high rise pallet storage system that will take advantage of the 20 feet clear stacking height. The proposed system also include four swing mast vehicles capable of accessing pallet storage locations at the top levels and six transporter docks to interface with the existing depot wide transporter system. The project will improve production by consolidating operations from several buildings into one. The stock pick rates will also increase due to increased inventory accuracy enabled by discrete location assignments. Not providing this equipment will result in the building being utilized as a bulk warehouse without taking advantage of the 20 feet clear stacking height. This will reduce productivity and lowers tock pick rate.
The savings to Investment Ratio (SIR) for the entire project is 3.5 and the discounted payback is 2.61 years

	A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**

Activity Group Capital Investment Justification
(Dollars in Thousands)

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description PRD 200 Productivity Equipment $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-04 Active Item Conveyor							1	1,080	1,080			

Narrative Justification:

With the implementation of Defense Distribution Depot San Joaquin, California (DDJC) Plan 2000, the majority of binable receipts and issues will be processed and stored within Building 15, 16, 17, 18, 19 and 20 at the Tracy site. Currently, material is moved between buildings on the intra-depot transporter system. In an effort to increase productivity, the Active Item Conveyor will provide a mechanized link between buildings 18 and 19, which store binable material, and the Mechanized Distribution Hub in building 16. This project will provide the package/tote conveyor system transporting binable material to the Mechanized Distribution Hub in a more productive manner. The conveyor system will consist of powered belt and live roller conveyor. Material issued from buildings 18 and 19 will be placed on the conveyor system at designated locations within the building. The project also includes installation of a cross over tunnel between buildings in which the conveyor system will be installed. Status quo is to continue the method of moving material between buildings 18 and 16 utilizing the intra-depot transporter conveyors/trucks, however, current handling capabilities and system capacities will not be able to meet the future workload and will not allow DDJC to meet the one day processing goal instituted by DLA.

The payback is 3.29 years and the savings to investment ratio is 2.78

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	A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**

Activity Group Capital Investment Justification (Dollars in Thousands)	

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description PRD 200 Productivity Equipment $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-05 Material Processing Center, Building W135							1	1,970	1,970			

Narrative Justification:

Defense Distribution Depot, Norfolk, VA (DDNV) will assume the responsibility of processing material for large deck ships in FY 2005. The existing material processing center (MPC) in building Y109 does not have the sorting capacity or staging floor space to handle the extra workload. A new sortation system is planned to be installed on a mezzanine above the existing system in building Y109.   It will have the necessary stortation lanes with an automated scanning system. Each sortation lane will be setup to hold material for a specific store room in a ship. Binable and package material for the sorter will be provided from building W143 using the new overhead conveyor system or from existing or new storage in building Y109. The proposed system will also have a pallet handling system which will transport material to and from the mezzanine. The other alternative considered is to upgrade the existing system in building W135, however, this building is very old and needs considerable repair and the automated out-loading system to the ships is not available as it is in building Y109. If not funded the mission will continue in building W135 at increasing operating and handling costs.

The payback is 3.4 years and the savings to investment ratio is 2.70

	A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**
Activity Group Capital Investment Justification (Dollars in Thousands)	

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description PRD 000 Productivity Equipment >1.00M	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-06 Equipment for GPW, Phase 1										1	6,000	6,000

Narrative Justification:

An FY 2006 MILCON project providing a new warehouse at Defense Distribution Depot San Joaquin (DDJC) will replace four World War II era warehouses located at Tracy. This MILCON project will also eliminate improperly stored mission stock in various locations, and provide for workload increases.   A new General Purpose Warehouse (GPW) will be constructed west of building 56, the new Active Bulk Warehouse complex. This is part of the process to eliminate substandard facilities and reduce infrastructure at DDJC. This investment will provide equipment for this new 480,000 square foot GPW with cube efficient, easily accessible material storage. This equipment will consist of a high rise narrow aisle pallet rack storage system, turret trucks including batteries and chargers, guidance system for Material Handling Equipment (MHE), floor level pallet conveyor, intra-depot transporter conveyors and work stations. Installation of this new equipment will lower overall material handling costs, reduce facility space requirements and decrease warehouse receiving, storage and shipping times. In an effort to coordinate the installation of the equipment with MILCON, the entire project will be installed in two phases. The first phase will be in FY 07 at an estimated cost of $6.0M and the second phase in FY 2008 at a cost of $3.5M.

The estimated payback is 4.50 and the Savings to investment ratio is 2.05

	Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005			C. Line Number & Item Description PRD 000 Productivity Equipment >1.00M						D. Activity Identification		

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-07- High Density Bin Storage, Building 16B-3										1	2,000	2,000

Narrative Justification:

The consolidation of all active items at Defense Distribution Depot San Joaquin (DDJC), Tracy site has increased the quantity of binable items stored in a significant number of bulk storage warehouses therefore it is necessary to develop a storage plan for handling the binable item workload. Storage management principles dictate that high priority items should be stored together in close proximity to the operational hub, with lower priority item storage moving to the outermost storage locations. High density storage coupled with a manual selection process provides optimum resource utilization for storage and/or issuance of high demand material. The project consists of installing a high density bin storage system with associated tote/package conveyor modification to interface with the receiving/pack/offer/ship operations.   If the project is not funded, a significant amount of bulk storage space in some warehouses would continue to be dedicated to hold unit packs of binable items. High priority items could not be consolidated in high density storage to effect optimum resource utilization for storage and issuance of the material and existing storage cube would continue to remain under utilized.

The payback period for the project is 2.28 years and the savings to investment ratio is 4.00

	Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/** **FY 2007 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005				C. Line Number & Item Description ADP 000 $0.1 to $0.499							D. Activity Identification		
Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 000 Base Level Support	36	209.7	7,548	23	310.7	7,145	2	262.5	525			

Narrative Justification: Base level support projects for FY 2006 include:

Trunked Radio System Upgrade, San Joaquin - Upgrade handheld radios.

Telephone System Upgrade, San Joaquin - Upgrade for the Definity Equipment Control System (ECS) and support for MILCON projects.

	Activity Group Capital Investment Justification (Dollars in Thousands)												A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005				C. Line Number & Item Description ADP 000 $0.5 to $0.999								D. Activity Identification			
Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 100							15	766.6	11,499	12	745.9	8,951

Narrative Justification:

Local Area Network (LAN) Upgrade - In FY 2006 and FY 2007 the Defense Distribution Center (DDC) will upgrade LAN networks to include hardware and infrastructure cabling. These upgrades will improve mission performance through increased connectivity depot-wide. The LAN infrastructure is standardized, upgraded, and refreshed according to recognized DoD and DLA standards. FY 2006 upgrades are planned for the Defense Distribution Center and Defense Distribution Depot Cherry Point, Columbus, Map Support (Richmond), Norfolk, Pearl Harbor, Puget Sound, and Tobyhanna.   FY 2007 upgrades include Defense Distribution Depot Anniston, Albany, Barstow, San Joaquin, Susquehanna, and Richmond.

Radio Frequency Equipment - DLA is committed to supporting the policy for Unique Item Tracking (UIT) as specified in DoD 4140.1-R and Defense Reform Initiative Directive (DRID) 48. Initial specifications for the UIT mission call for the ability to read 2D bar codes during the pick operation. The mission relies upon the perpetuation of serial number information throughout the supply chain; suppliers will mark this information on material in the form of 2D bar codes. This work is primarily supported by Radio Frequency equipment. Since the existing equipment cannot read 2D bar codes, the current systems must be replaced. The costs associated with replacing the systems are based on a one for one replacement of the existing end user equipment (hand held terminals and vehicle mounted terminals) as well as the number of access points (base stations) necessary to support this equipment. The Radio Frequency Identification (RFID) project is sequenced following network upgrades to the same sites. FY 2006 and FY 2007 includes replacements at the following sites: Defense Distribution Depot Yokosuka, Europe, Tobyhanna, Anniston, Cherry Point, Barstow, Richmond, Albany, Oklahoma City, Warner Robbins, Hill, Sigonella, Guam, and Korea.

	FY 2006/ FY 2007 Budget Estimates
	A. Budget Submission

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2006/ FY 2007 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description ADP 000 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200-01 Telephone Network Upgrade				1	780	780	1	2,260	2,260	1	890	890

Narrative Justification:

As Radio Frequency technologies and wireless LAN networks expand within the infrastructure, a robust telecommunications system is required to maintain a reliable base system. During FY 2006 at Defense Distribution Depot Susquehanna (DDSP), telecommunications upgrades will include installation of new meridian software loads to increase telecommunications capabilities within the telephone switch and to upgrade mission essential telecommunications systems, including the Enterprise Telecommunication Management System and the E-911 System. Also, FY 2006 funding requirements are projected for communications needs for MILCON projects: Consolidated Maintenance Facility, Fitness Center, Billeting Quarters, and Heat Plant. Requirements are addressed in DDSP Telecom Network Upgrade FY 2006 Business Case Analysis (BCA), dated December 11, 2001.

The DDSP FY 2007 telecommunications projects will upgrade the Telephone Management System and the Automated Directory Assistance System. Requirements are addressed in DDSP Telecom Network Upgrade FY 2007 BCA, dated December 11, 2001.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005				C. Line Number & Item Description ADP 000 $1.0 and Over						D. Activity Identification		

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200-2 Radio Frequency Identification (RFID)				1	4,277	4,277	1	3,840	3,840	1	1,513	1,513

Narrative Justification:

DoD Radio Frequency Identification (RFID) Policy, October 2, 2003, (updated February 20 and July 30, 2004) directs suppliers to DoD to put passive RFID tags on case/pallet packaging by January 2005. It also directs Components to establish initial capability to read RFID tags at key sites for the January 2005 implementation. An interim update to the October policy directs DLA to instrument its two Primary Distribution Platforms for operation in January 2005 with remaining CONUS sites being equipped by the end of FY 2006 and OCONUS sites by the end of FY 2007. The interim policy also directs DoD shippers to attach passive RFID tags to shipments to other DoD components. The funds requested in support of this initiative are designated to provide the DDC distribution sites with the equipment necessary to read passive RFID tags at receipt locations, initially for new procurement and eventually for field returns.

RFID supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners.

The implementation schedule determined by USD (AT&L) is nineteen depots in FY 2006 and seven depots in FY 2007.

	A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**
Activity Group Capital Investment Justification (Dollars in Thousands)	

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Radio Frequency Identification (RFID)						1,763			10,647			4,484

Narrative Justification:

DoD Radio Frequency Identification (RFID) Policy, October 2, 2003, (updated February 20 and July 30, 2004) directs suppliers to DoD to put passive RFID tags on case/pallet packaging by January 2005. It also directs Components to establish initial capability to read RFID tags at key sites for the January 2005 implementation. An interim update to the October policy directs DLA to instrument its two Primary Distribution Platforms for operation in January 2005 with remaining CONUS sites being equipped by the end of FY 2006 and OCONUS sites by the end of FY 2007. The interim policy also directs DoD shippers to attach passive RFID tags to shipments to other DoD components. The funds requested in support of this initiative are designated to provide the DDC distribution sites with the equipment necessary to read passive RFID tags at receipt locations, initially for new procurement and eventually for field returns.

RFID supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners.

The implementation schedule determined by USD (AT&L) is nineteen depots in FY 2006 and seven depots in FY 2007.

The software funds requested are for middleware that can provide data monitoring and management, device monitoring and management, and application development tools. This is necessary to pass data to the Distribution Standard System (DSS) and for DSS to communicate with outside systems. Development funding is also required for modifications to DSS to support RFID functionality.

	Activity Group Capital Investment Justification (Dollars in Thousands)											A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**		

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-02 Distribution Standard System (DSS)			3,500			3,500			3,500			3,500

Narrative Justification:
The Distribution Standard System (DSS) was fully deployed at all 21 sites in FY 1998. DSS will continue to be enhanced through Business Process Improvements beyond Full Operational Capability (FOC). Many of these productivity System Change Requests (SCR's) are generated by the Defense Distribution Centers to improve and standardize the Distribution Business Processes. They will provide more cost effective customer support by enhancing the following functional areas: Storage, Workload Planning, Transportation, Inventory, Receiving, Total Package Fielding/Small Arms Serialization Program (TPF/SASP), Packing, Packaging, Preservation and Marking (PPP&M), Care Of Supplies In Storage (COSIS), Hazardous Material (HAZMAT), Equipment Control System (ECS), and Management Information System (MIS). DSS System Change Requests (SCRs) are created by DLA/DDC HQ to support ERP (Enterprise Resource Planning) of DSS interface requirements. FY 2006 and FY 2007 includes Passive RFID Project, Configuration Load Build Tool (CLBT), Wide Area Workflow and Unique Identifier (UID) initiatives. This funding will support expanding DSS not only to new sites as required (for example, SW Asia and Pacific sites) but also for ongoing Distribution Depot Europe, Sigonella, and Yokosuka initiatives. System Change Request's are required to keep DSS current with changing commercial and government freight policies, unique DoD and Service related initiatives, and regulatory changes to on-line and batch programs. These SCRs address priority 1 or priority 2 core mission issues. All development will be performed internally.

Analysis of individual DSS SCRs shows a range of Return On Investment (ROI) from 0.33 to 11.1; the payback periods range from less than one (1) month to three (3) years.

		Activity Group Capital Investment Justification (Dollars in Thousands)											A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**	

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description SWD 200 $1.0 and Over	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-03 Distribution Planning Management System (DPMS)			15,658			3,264			1,575			

Narrative Justification:

The Distribution Planning Management System (DPMS) will provide process integration to evaluate and optimize transportation operations, at a global level, not just in terms of cost but also in terms of trade-offs between inventory, warehousing, forecasted demands and the actual capacities of the transportation/distribution network, to include suppliers to meet customer requirements. DPMS will integrate information about transportation rates, routes, carrier capacities and customer service requirements. Defense Distribution Center (DDC) will be able to better manage the existing movement of products from vendors and distribution centers to customers through the use of DPMS resulting in greater coordination, asset visibility, and precise stock positioning to lower transportation and inventory holding costs. DPMS will interface with the Department of Defense's (DoD's) transportation financial system (PowerTrack), Distribution Standard System (DSS), the execution and planning portions of Business Systems Modernization (BSM), as well as Service Enterprise Resource Planning (ERP) systems and DoD tracking systems. The FY 2003 investment was for phase 1 which included development of the concept demo, software capabilities mapping to DDC processes and the Full Operational Capacity (FOC) blueprint. The FY 2006 investment is for completion of increments 4 and 5, Reverse Logistics (initiative to identify and optimize the distribution of returned DLA items) and Service Enterprise Resource Planning.

The Return on Investment (ROI) is 12.79 for all five phases and the payback period is 2.4 years.

	A. Budget Submission **Fiscal Year (FY) 2006/ FY 2007 Budget Estimates**

Activity Group Capital Investment Justification
(Dollars in Thousands)

B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2005	C. Line Number & Item Description RPM 000 Minor Construction	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction (DDC)			8,642			8,858			9,298			8,878

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:

1. Installing and improving fire protection and alarm systems.
2. Upgrading security facilities (gates, fences, lighting) to meet current Anti-Terrorism/Force Protection standards.
3. Adding paving for open storage, road networks and operational areas.
4. Altering facilities to accommodate mission changes, consolidation and stock repositioning
5. Improvements to utilities to enhance reliability.
6. Incidental improvements associated with facilities repair projects.
7. Replacement of existing facilities that cannot be economically repaired.

These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the distribution mission.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2005
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2005 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2004	Equipment except ADPE & TELCOM:	1.5	21.7	20.3	1.5	
	Replacement <$500K	0.1	1.8	1.7	0.1	Projects repriced
	Productivity <$500K	1.8	2.6	0.8	1.8	Projects cancelled
	Replacement $0.5 to $0.999K	(0.2)	1.1	1.3	(0.2)	Project repriced
	Productivity $0.5 to $0.999K	(0.1)	1.6	1.7	(0.1)	Project repriced
	Equipment - Support Stock Positioning	(0.5)	2.1	2.6	(0.5)	Project repriced
	Equipment - General Purpose Warehouse	0.4	5.0	4.6	0.4	Project repriced
	Warehouse Storage System, Tracy Bldg 18-1	0.0	1.4	1.4	0.0	
	Equipment For Special Purpose Warehouse	0.0	3.9	3.8	0.0	
	Pallet Storage System, Bldg W135	0.0	2.3	2.3	0.0	
2004	Equipment - ADPE & TELCOM:	2.4	9.9	7.5	2.4	
	ADP Equipment < $0.499	2.8	5.7	2.9	2.8	RFID/AHRIST Carryover Authority
	Telephone System Upgrade	0.6	1.0	0.4	0.6	Project rescoped
	LAN Hardware	(1.0)	3.2	4.2	(1.0)	Emergent depot requirement
2004	Software Development:	0.0	19.2	19.2	0.0	
	DSS System Change Requests (SCRs)	0.0	3.5	3.5	0.0	
	Distribution Planning Management System	0.0	15.7	15.7	0.0	
2004	Minor Construction	(1.1)	7.5	8.6	(1.1)	Emerging requirement
	Total FY 2004	**2.8**	**58.3**	**55.6**	**2.8**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2005
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2005 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)
2005	Equipment except ADPE & TELCOM:	0.0	19.1	19.1	0.0
	Replacement <$500K	0.0	1.9	1.9	0.0
	Productivity <$500K	0.0	1.1	1.1	0.0
	Replacement $0.5 to $0.999K	0.0	1.7	1.7	0.0
	Productivity $0.5 to $0.999K	0.0	0.9	0.9	0.0
	Replace EDC High-Rise Vehicles (DDSP)	0.0	5.3	5.3	0.0
	Equipment for General Purpose Whse (DDJC)	0.0	4.6	4.6	0.0
	Modernize Depot Operations (DDPH)	0.0	1.8	1.8	0.0
	Equipment for General Purpose Whse (DDSP)	0.0	1.8	1.8	0.0
2005	Equipment - ADPE & TELCOM:	(2.7)	9.5	12.2	(2.7)
	Base Level Support	(2.7)	8.7	11.4	(2.7)
	Telecom System Upgrade	0.0	0.8	0.8	0.0
2005	Software Development:	(1.8)	6.8	8.5	(1.8)
	Distribution Standard System	0.0	3.5	3.5	0.0
	Distribution Planning & Management Sys	(0.0)	3.3	3.3	(0.0)
	Radio Frequency Identification (RFID)	(1.8)	0.0	1.8	(1.8)
2005	Minor Construction	(1.2)	7.7	8.9	(1.2)
	Total FY 2005	**(5.6)**	**43.1**	**48.7**	**(5.6)**

		FY 2004		FY 2005		FY 2006		FY 2007	
Line Number	**Item Description**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**
	EQUIPMENT (Non ADP/T) $0.1 to $0.499	0	0.0	0	0.0	3	0.5	2	0.2
REP 000	Replacement					3	0.5	2	0.2
PRD 000	Productivity								
NEW 000	New Mission								
	EQUIPMENT (Non ADP/T) $0.5 to $0.999							1	0.7
REP 100	Replacement							1	0.7
PRD 100	Productivity								
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over								
REP 200	Replacement								
PRD 200	Productivity								
NEW 200	New Mission								
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	0	0.0	0	0.0	3	0.5	3	0.9
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499							1	0.4
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999								
ADP 200	ADP/T EQUIPMENT $1.0 and Over								
	<u>TOTAL EQUIPMENT (ADP/T)</u>	0	0.0	0	0.0	0	0.0	1	0.4
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499								0.4
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999								
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over								
	<u>TOTAL SOFTWARE DEVELOPMENT</u>		0.0		0.0		0.0		0.4
RPM 000	<u>MINOR CONSTRUCTION</u>		0.1		0.2		0.3		0.3
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	0	0.1	0	0.2	3	0.8	4	2.0
	Total Capital Outlays		0.1		0.2		0.8		0.2
	Total Depreciation Expense		5.4		3.6		3.5		3.7

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DOCUMENT AUTOMATION AND PRODUCTION SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

	A. Budget Submission
Activity Group Capital Investment Justification (Dollars in Thousands)	**Fiscal Year (FY) 2006/FY 2007 Budget Estimates**

B. Component/Activity Group/Date Defense Logistics Agency Defense Automated Printing Service Activity Group February 2005	C. Line Number & Item Description REP 000 Replacement Equipment < $1M	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 000 Equipment							3	158.3	475	3	306.7	920

Narrative Justification:

These investments, which include a tool carrier, shredder and a scrap handler, replace existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.

		A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**
Activity Group Capital Investment Justification (Dollars in Thousands)		

B. Component/Activity Group/Date Defense Logistics Agency Defense Automated Printing Service Activity Group February 2005	C. Line Number & Item Description ADP 100 $0.5 to $0.999	D. Activity Identification

Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>ADP 100 & SWD 000</u>										1	805	805

Narrative Justification:

In FY 2007 DAPS will refresh and upgrade the Electronic Document Management Service (EDMS) system hardware (computer workstations, monitors, servers, operating systems, uninterruptible power supplies, switches, miscellaneous cables and connectors) to current industry standards in order to ensure that uninterrupted and high quality service continues to be provided to the Defense Distribution Center's (DDC) field activities. This equipment was originally purchased in FY 2002 and FY 2003. The equipment replacement strategy not only ensures the highest quality equipment is purchased to refresh the original equipment but also minimizes equipment related costs by taking advantage of discounts available for high quantity buys. The EDMS is required to continually support DDC's demand for a local service provider with global capabilities.

The estimated quantity of equipment and associated costs are based on the current number and the present configuration of the 23 EDMS installations being operated for the DDC. Technological advances and additional sites may modify the estimate.

	Activity Group Capital Investment Justification (Dollars in Thousands)											A. Budget Submission **Fiscal Year (FY) 2006/FY 2007 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Defense Automated Printing Service Activity Group February 2005				C. Line Number & Item Description RPM 000 Minor Construction								D. Activity Identification		
Element of Cost	FY 2004			FY 2005			FY 2006			FY 2007					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost		
Minor Construction			115			150			300			300			

Narrative Justification:

The minor construction investment for projects (between $100,000 and $750,000) will construct new, replace existing, or modify current facilities to implement mission consolidations and allow for operational improvements. These projects consist of:

 (1) Renovations and alterations of administrative facilities.

 (2) Renovations and alterations to mission operational facilities such as printing, blueprint and microfilm facilities.

These investments will result in cost effective facilities to support the mission and will allow for the implementation of the MEO resulting from the recent A76 competition.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE AUTOMATED PRINTING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2005
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2005 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2004	Equipment except ADPE & TELCOM:	0.0	0.0	0.0	0.0	
		0.0	0.0	0.0	0.0	
2004	Equipment - ADPE & TELCOM	0.0	0.0	0.0	0.0	
		0.0	0.0	0.0	0.0	
2004	Software Development:	0.0	0.0	0.0	0.0	
		0.0	0.0	0.0	0.0	
2004	Minor Construction:	(0.0)	0.1	0.1	(0.0)	
	Total FY 2004	**(0.0)**	**0.1**	**0.1**	**(0.0)**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE AUTOMATED PRINTING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2005
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2005 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2005	Equipment except ADPE & TELCOM:	0.0	0.0	0.0	0.0	
	Productivity <$500K	0.0	0.0	0.0	0.0	
	Equipment - ADPE & TELCOM	0.0	0.0	0.0	0.0	
	ADPE <$500K	0.0	0.0	0.0	0.0	
	Enterprise Document Mgmt System	0.0	0.0	0.0	0.0	
2005	Software Development:	0.0	0.0	0.0	0.0	
	Software Development <$500K	0.0	0.0	0.0	0.0	
	Electronic Document Access	0.0	0.0	0.0	0.0	
2005	Minor Construction:	0.0	0.2	0.2	0.0	
	Total FY 2005	**0.0**	**0.2**	**0.2**	**0.0**	

DEFENSE SECURITY SERVICE
Defense-Wide Working Capital Fund
Fiscal Year (FY) 2006/7 Biennial Budget Estimates
February 2005
Exhibit Fund-9a Capital Investment Summary
(Dollars in Millions)

Line Number	Item Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499								
REP 000	Replacement								
PRD 000	Productivity								
NEW 000	New Mission								
	EQUIPMENT (Non ADP/T) $0.5 to $0.999								
REP 100	Replacement								
PRD 100	Productivity								
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over								
REP 200	Replacement								
PRD 200	Productivity								
NEW 200	New Mission								
	TOTAL EQUIPMENT (Non	0	0.0	0	0.0	0	0.0	0	0.0
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499								
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999								
ADP 200	ADP/T EQUIPMENT $1.0 and Over								
	TOTAL EQUIPMENT (ADP	0	0.0	0	0.0	0	0.0	0	0.0
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499								
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999								
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over								
	TOTAL SOFTWARE DEVELOPMENT		0.0		0.0		0.0		0.0
RPM 000	MINOR CONSTRUCTION								
	TOTAL AGENCY CAPITAL	0	0.0	0	0.0	0	0.0	0	0.0
	Total Capital Outlays		8.7		2.4		0.0		0.0
	Total Depreciation Expense		10.2		10.0		0.0		0.0